FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Latin America

FBIS-LAT-95-058
Monday
27 March 1995

Daily Report
Latin America

FBIS-LAT-95-058 CONTENTS *27 March 1995*

CARIBBEAN

Cuba

Fidel Castro Assails 'Crazy' U.S. Policy Toward Havana *[PRENSA LATINA]* 1
  Further on Castro Criticism *[PRENSA LATINA]* 1
Castro Warns of U.S. 'Reactionary' Groups Gaining Power *[PRENSA LATINA]* 2
Robaina: Clinton Pressured by Republican 'Extreme Right' *[Barcelona LA VANGUARDIA 22 Mar]* 2
Castro Stresses Revolution's Humanist Character *[PRENSA LATINA]* 3
Commentary Against U.S. Blockade Echoes TRABAJADORES *[Havana Radio]* 3
Foreign Ministry Spokesman on Blockade, Guantanamo Emigres *[Havana Radio]* 4
Castro: Havana To Sign Tlatelolco Nuclear Arms Treaty *[PRENSA LATINA]* 4
  Robaina, Mexican Secretary Arrive for Signing *[Havana Radio]* 4
  Cited on Nuclear Arms Treaty *[PRENSA LATINA]* 4
  Foreign Ministry Confirms Plans *[Havana Radio]* 5
  Foreign Minister Signs Tlatelolco Treaty *[PRENSA LATINA]* 5
  Foreign Ministry Issues Statement *[PRENSA LATINA]* 6
  Castro, Robaina Attend Treaty Signing *[Havana TV]* 6
Foreign Minister Robaina Interviewed *[PRENSA LATINA]* 6
Commentator Outlines 50 Years of Ties With Canada *[Havana Radio]* 9
Diplomats Reportedly Charged With Espionage Leave Canada *[Madrid EFE]* 10
'Straight Talk' Views Oil Exploration *[Havana Radio]* 10

Haiti

Antigovernment Demonstration Staged in Capital *[Port-au-Prince Radio]* 12
Journalists Refuse To Cover Events at Palace *[Port-au-Prince Radio]* 13
PAIN Leader Urges Aristide Not To Influence Elections *[Port-au-Prince Radio]* 13

MEXICO

Presidential Bill To Help Maintain Value of Investments *[NOTIMEX]* 14
Zedillo: Government Bidding To Create 600,000 Jobs *[NOTIMEX]* 14
Moctezuma on Investor Confidence, Electoral Reform *[Mexico City Radio]* 14
Secretary Lauds Emergency Program's Effect on U.S. Trade *[NOTIMEX]* 15
Finance Secretary Touts Results of Adjustment Program *[Mexico City Radio]* 15
Ortiz Expects 'Complicated' Second Quarter Adjustment *[Mexico City TV]* 16
Finance Secretary: States To Reorganize Debts *[REFORMA 24 Mar]* 16
Finance Secretariat Reports Spending Figures for 1994 *[LA JORNADA 24 Mar]* 17
Major Financial Restructuring Plan Detailed *[EL FINANCIERO 23 Mar]* 17
Government Announces Renegotiation of Short-Term Credit *[EL FINANCIERO 23 Mar]* 19
Government Restructuring Debt To Avert Liquidity Problems *[NOTIMEX]* 19
Economic Plan Spokesman on Stabilization of Exchange Rate *[Mexico City TV]* 20
Banking Official Outlines Capitalization Program *[REFORMA 24 Mar]* 20
Peso To Continue Floating 'At Least 90 More Days' *[EL FINANCIERO 24 Mar]* 20
Banxico Reports $7.854 Billion in International Reserves *[NOTIMEX]* 21
Interest Rate Indicator Set for Bank Operations *[REFORMA 23 Mar]* 21
Banks Preparing To Meet 8 Percent Capitalization Level *[EL FINANCIERO 24 Mar]* 21
Foreign Investment Discussed at Businessmen's Forum *[Mexico City TV]* 22
Protests Against Economic Policy Reported in 8 Cities *[LA JORNADA 24 Mar]* 23
Industrial Sector Expected To Contract 7 Percent *[LA JORNADA 23 Mar]* 24

Drug Trafficking Charges Filed Against Ruiz Massieu *[AFP]* 25
PJF Director's Guard Chief Remanded for Trial *[PROCESO 27 Feb]* 25
Arellano Felix Gunman Granted Amparo *[LA JORNADA 4 Mar]* 26

CENTRAL AMERICA

Guatemala

Defense Minister on Allegations About Colonel Alpirez *[Guatemala City TV]* 27
    Says Colonel Alpirez Denies CIA Links *[Hamburg DPA]* 27

Nicaragua

Daniel Ortega Interviewed on FSLN Unity *[BARRICADA 23 Mar]* 27
M. Baltodano on FSLN in '96 *[BARRICADA 24 Feb]* 29

Panama

President Says U.S. Cannot Prohibit Trade With Cuba *[EL PANAMA AMERICA 26 Mar]* 32
Article Questions Benefits of U.S. Bases Beyond 2000 *[LA PRENSA 23 Mar]* 32
Foreign Minister in 'Good Health,' To Return 'Soon' *[LA PRENSA 24 Mar]* 33
Panamanian President on Challenges of Regional Summit *[NOTIMEX]* 33

SOUTH AMERICA

Argentina

Government Wants Ecuador To Return Arms *[CLARIN 23 Mar]* 35
Menem Holds 'Activists' Responsible for 23 Mar Unrest *[NOTICIAS ARGENTINAS]* 35
Interior Minister: Political Activists Present at Protest *[NOTICIAS ARGENTINAS]* 36
Interior Ministry Communique Deplores Protest Violence *[NOTICIAS ARGENTINAS]* 36
Banker on Recovery of Financial System *[LA PRENSA 12 Mar]* 36
Subscribers to $1 Billion Argentine Bond Listed *[BUENOS AIRES HERALD 22 Mar]* 38
Fund Earmarks $2 Billion for Provincial Privatization *[NOTICIAS ARGENTINAS]* 38
Economy Official Describes 'Transitory' Tariff Increase *[NOTICIAS ARGENTINAS]* 39
'Violent Incidents' Mark Anniversary of 1976 Military Coup *[NOTICIAS ARGENTINAS]* 39

Bolivia

Worker Unrest, Drug Issue Place Government in 'Crisis' *[Madrid EFE]* 40
Sanchez de Lozada Praises Banzer Proposal on Coca Growing *[PRESENCIA 15 Mar]* 41

Brazil

President Launches Agrarian Reform *[Rio de Janeiro TV]* 41
    Criticizes Hecklers *[Rio de Janeiro TV]* 42
    More on Demonstrating Hecklers *[AGENCIA ESTADO]* 43
President Orders Investigation of Breaking of Bank Secrecy *[AGENCIA ESTADO]* 43
Finance Minister on Recovering Exports, Exchange Reserves *[O ESTADO DE SAO PAULO 23 Mar]* 44
Official: Privatization Moving at 'Slow Pace' *[O ESTADO DE SAO PAULO 23 Mar]* 44
PT's Lula, Allies Oppose Breaking of Government Monopolies *[O GLOBO 23 Mar]* 44
'Text' of Provisional Measure Creating Export Incentives *[AGENCIA ESTADO]* 45

Chile

Explosives Found in High Security Prison *[EL MERCURIO 22 Feb]* 46
PPD Leader on Military Budget, Lagos *[LA NACION 11 Feb]* 46
CUT's Rozas on Trade Negotiations *[LA NACION 5 Feb]* 48

Colombia

15 Regional Prosecutors Charged With Corruption *[Santa Fe de Bogota TV]* 49
Raids on Cartel Properties Continue; Findings Detailed *[Santa Fe de Bogota TV]* 49
Police Continue To Search for Cali Cartel Kingpins *[Santa Fe de Bogota TV]* 50
Security Bolstered To Fight San Andres Trafficking *[Santa Fe de Bogota Radio]* 50
    Defense Minister Reviews Operations *[Santa Fe de Bogota TV]* 51
'Offensive' Against Valle del Cauca Cartels Continues *[Santa Fe de Bogota TV]* 51
Military To Support Spraying Operations *[EL TIEMPO 9 Mar]* 51
Task Force Raids Santacruz Londono Offices *[EL TIEMPO 18 Mar]* 53
Santacruz Londono Evades Capture in Raid *[EL ESPECTADOR 18 Mar]* 53
Cali Task Force Operations Continue Apace *[EL ESPECTADOR 13 Mar]* 53
New Court President on Guerrilla Crimes *[EL TIEMPO 7 Mar]* 54

Ecuador

Army Officer Denies Attack on Peruvian Patrol *[Quito Radio]* 55
    Government 'Categorically' Denies Attack *[Madrid EFE]* 55
Minister Admits Arms Purchase To Defend Country *[Quito Radio]* 55
Supreme Court Chief Justice Urges Peace With Dignity *[Quito Radio]* 56
Police Commander Declares Alert Along Colombian Border *[AFP]* 56
Guarantors' Economic Interests, Impartiality Viewed *[EL UNIVERSO 21 Mar]* 56
Early Resolution to Conflict Urged *[EL UNIVERSO 20 Mar]* 57
Editorial Views UN Summit as Short on Action *[EL UNIVERSO 21 Mar]* 58
Conade Secretary on Normalization' of Economy *[EL UNIVERSO 13 Mar]* 58
Emetel's Management Plan for 1995 Outlined
  [EL UNIVERSO (MUNDO ECONOMICO SECTION) 7 Mar] 58

Peru

Fujimori on SL Arrests; Minister on Safeguarding Elections *[Lima TV]* 59
Defense Ministry Reports Attack by Ecuadoran Patrol *[Lima TV]* 60
Separation of Forces with Ecuador To Begin 'Next Week' *[Madrid EFE]* 60
Foreign Ministry: Arms Investigation Results Awaited *[Madrid EFE]* 60
Commentator: Ecuador Planned Attack for 14 Years *[CARETAS 9 Mar]* 61

Cuba

Fidel Castro Assails 'Crazy' U.S. Policy Toward Havana

PA2603035695 Havana PRENSA LATINA in Spanish 0254 GMT 26 Mar 95

[FBIS Translated Text] Havana, 25 Mar (PL)—President Fidel Castro today said that while Cuba's prestige is growing, the world is more convinced that U.S. policy toward the island is crazy.

At the closing of the Fifth Congress of the Federation of University Students (FEU), Castro expressed his absolute conviction that the country has never had more prestige and respect as it does today, and it has never been less isolated.

Fidel Castro said the enemy (the United States) is wounded, going crazy, and resorting to all kinds of things. They cannot accept the fact that we have resisted; they are not satisfied with their blockade, and therefore they want to tighten it even further, acting like crazy people.

He added that the isolation of Washington's policy toward Havana was evident at the latest UN General Assembly vote on the economic blockade, when 101 nations voted against this pressure tactic that was only supported by the United States and Israel.

In his speech to university students, Castro admitted he is envious of the times in which they are living, and he recalled that during his years as a student, "we had many things to conquer and very few to defend."

In this regard, he said that today the struggle is taking place at a time when the country "is facing the most powerful country in the world, the most inhuman and merciless blockade, when the flag of the single star will not yield or acquiesce to becoming a star in another flag, and it continues to maintain its honorable position before the eyes of the world."

Further on Castro Criticism

PA2603042395 Havana PRENSA LATINA in Spanish 0326 GMT 26 Mar 95

[FBIS Translated Text] Havana, 25 Mar (PL)—Cuban President Fidel Castro today confirmed he has information and proof of U.S. plots against the island. He also stressed that the belief that Washington's policy toward his country is crazy is spreading all across the world.

During his speech at the closing of the Fifth Congress of the Federation of University Students (FEU), the Cuban leader added that the ideas of extremist groups will be duly denounced at an appropriate time.

We have in certain ways allowed them (the United States) to know what we know, he affirmed, after admitting that "we are learning to better manage our secrets."

He said Cuba will not fall "as a ripe fruit or as a rotten fruit," and he predicted, "the one waiting with his jaws wide open for the apple to drop will rot first."

In commenting on the draft bills currently being debated in the U.S. Congress, which are designed to stiffen the economic blockade against the island, he pointed out that the road they (the United States) have chosen is not an easy one, and "we are ready to fight" if the bills are enacted.

We would like to send Senator Jesse Helms (the promoter of the measure to tighten the economic blockade) a message: We are here and plan to remain here, no matter what laws you pass.

After highlighting the growing international opposition to the pressure tactics, the Cuban leader stressed the fact that business leaders, the media, and a growing number of U.S. citizens are also criticizing the policy.

We must trust in the North American people, he said, because just as the human body becomes immune to bacteria, they are becoming immune to the venom injected into them, and mutations are now occurring in their outlook toward Cuba.

Fidel Castro compared his nation's case with that of China, Korea, and Vietman, and he noted that the island is the only blockaded country in the world.

Nothing will scare us, he warned, after noting that in Washington there currently exist two governments: An administration, and a Congress controlled by an opposition party under the control of extreme reactionary forces filled with hatred against Cuba.

In this regard, he indicated that these forces are the ones that want to prohibit people having relations or doing business with the Caribbean nation from even visiting the United States.

He noted that laws and measures are being proposed against his country and, amid the chaos of current U.S. policy, nobody can predict what will happen.

The Cuban president said he is absolutely convinced that the Cuban flag has never been more respected, the country more admired, Cuba more supported, had more prestige, or has more hope ever been entrusted to it than today.

Our enemies are wounded, going crazy, and resorting to all kinds of things against us. They cannot accept the fact that we have resisted; they are not satisfied with their blockade, and therefore they want to tighten it even further, he commented.

Some day, Fidel Castro underscored, "this madness will have to be replaced by peace, but a peace with dignity, respect, revolution, social justice, and the preservation of all of the accomplishments of socialism and our absolute right to continue to build socialism."

Castro Warns of U.S. 'Reactionary' Groups Gaining Power

PA2603163795 Havana PRENSA LATINA in Spanish 0426 GMT 26 Mar 95

[FBIS Translated Text] Havana, 25 Mar (PL)—President Fidel Castro warned today of the danger of U.S. "reactionary and fascist groups interested in stiffening the blockade against Cuba gaining power in Washington, although he added that Cubans are not scared by anything.

The president referred to very reactionary forces "full of hatred toward Cuba" when he criticized maneuvers by Republican Senator Jesse Helms to reinforce the economic siege imposed on the island more than 30 years ago, "one of the most absurd and monstrous inventions in the world," he said.

He said that these groups want to establish new laws against the island and forbid those who conduct some sort of trade with Cuba from visiting or trading with the United States, and they even "talk about maintaining the blockade if the revolution collapses."

Castro noted that Helms proposes receiving compensation for U.S. properties that were nationalized by the revolution, as well as for all the properties and large estates owned by rich Cuban landowners who became U.S. citizens.

This means that we would even have to compensate them for each of your homes, the smallest plot of land owned by the most modest peasant—everything would have to be compensated for—Castro told the 514 delegates to the fifth congress of the Federation of University Students (FEU) that ended here.

He insisted that the possibility that these sectors will gain power in that country poses a real danger and warrants paying this the fullest attention and then stressed that this is not something that scares Cubans because nothing can now frighten them.

"What can scare us after all the experiences we have lived through," Castro asked while asserting that he is not surprised at the lack of jails in the United States for criminals and drug traffickers, but is surprised at the "considerable lack of mental asylums" for those who advocate these coercive measures.

"Their hatred and threats give us a measure of the merits and greatness of our people, give the measure of the moment in history that you are living," Castro said amid ovations by the students.

Robaina: Clinton Pressured by Republican 'Extreme Right'

BR2403162895 Barcelona LA VANGUARDIA in Spanish 22 Mar 95 p 10

[Interview with Cuban Foreign Minister Roberto Robaina by Marta Forn in Havana; date not given: "U.S. Businessmen Are Worried That They Are Being Forbidden To Enter a Market Which Is Opening Up"]

[FBIS Translated Excerpt] [Passage omitted] [Forn] What is the state of relations with Europe?

[Robaina] They have passed through many stages, and we are now at a new one: what Spain has done with its investments, what Mitterrand has done. I believe that a certain political apartheid has been broken in Europe. They have discovered us on their own ground. Today there is a Cuban presence everywhere in the world. For those who say that Cuba is isolated, I will tell them that we have relations with 152 states. European businessmen have never been away from Cuba. The world is beginning to realize that Cuba is an opportunity for investing to which some people are afraid of coming late. And it is not that they will be coming late; they have already come late to the Cuban economic liberalization.

[Forn] Are you referring to the United States?

[Robaina] That is so. What worries U.S. businessmen today is that the Cuban market is opening up to the world and they have been forbidden to enter it. The Europeans have seen that Cuba is not the hell it was painted.

[Forn] Clinton's advisers are advising him to relax the blockade.

[Robaina] That is the reflection of a new situation. The situation experienced by society, where there are voices in favor of lifting the blockade, others in favor of lifting it partially, and extreme Right-wing voices in favor of intensifying it, is beginning to appear in the U.S. Congress. The U.S. extreme Right is characterized by believing that the only solution for Cuba is to put an end to it. When you talk in these terms, there is no possible scope for negotiation.

[Forn] Do you believe that Bill Clinton is at the Republicans' mercy?

[Robaina] I believe that Congress has changed substantially. The new administration depends not only on what it wishes to do but on what it actually can do under the pressures from Congress and the Republican extreme Right. The administration is starting to think about the elections, and when that happens, it is more difficult from the domestic viewpoint to touch on the matter of Cuba.

[Forn] Would a greater blockade, such as the Republicans advocate, accelerate Castro's end?

[Robaina] Cuba is accustomed to Machiavellian, aggressive statements. Some 35 years have passed with this business. Today it is called Helms (the senator sponsoring the bill), in previous years it had another name, and in later years it will be called something else. With Helms or without him, Cuba exists, lives, develops, works, and even travels to France. Those who believed that they are sinking the island by intensifying the blockade are mistaken.

[Forn] Cuba has made a change of course and is coexisting with capitalism. Will you end up becoming capitalists?

[Robaina] In the economic sphere proper, we must adjust while preserving what is sacred for us. Economically, we are prepared to undergo changes, provided that we are allowed to take part and have control. The goal is not capitalism. Capitalism continues to teach us that the rich are increasingly rich and the poor are increasingly poor. We wish to share out the little that we have among everybody. If our goal had been capitalism, we would not have delayed so long.

[Forn] Castro says that capitalism is hell, but that he needs it in order to survive. Is Cuba prostituting itself in its economic policy and in its trading relations?

[Robaina] We are finding a model which, if we must seek names, is a Cuban, indigenous, and tropical model which wants and guarantees state participation in the areas which we believe must be opened up to the world. We have raw materials, and we have neither technology, nor a market, nor capital. We have results in education, health, and science. Nobody has told China that it is prostituting itself economically; nobody has told Vietnam that it has renounced its Socialism. [passage omitted]

[Forn] If the right were in power in Spain, would relations between the two countries be changed?

[Robaina] Our relationship with Spain stands above a Right-wing or Left—wing government. There is a natural, spontaneous economic relationship. Cuba does not lack readiness to maintain that relationship with any government, whatever its affiliation.

Castro Stresses Revolution's Humanist Character

PA2603183695 Havana PRENSA LATINA in Spanish 0406 GMT 26 Mar 95

[FBIS Translated Text] Havana, 25 Mar (PL)—Cuban President Fidel Castro emphasized today the Cuban revolution's humanist character and integrity and he asserted that no one has ever been reported missing or tortured in his country.

Cuba is the country where no one has ever been reported missing; the country where a political crime has not been perpetrated in 36 years of revolution, where no one is tortured, Fidel Castro asserted at the closure of the 5th Congress of the Federation of University Students (FEU).

The Cuban leader, who participated for two days in the congress' sessions, said "not a single prisoner has ever been assassinated in all the international missions carried out by the FAR (Revolutionary Armed Forces)." Hundreds of our men have carried out international missions, and no one can mention a single case in which a prisoner was assassinated or mistreated, he emphasized.

Castro emphasized how Cuban prestige has risen once again, with the increasing conviction that the U.S. policy against the island is insane, and he observed that the neighboring country lacks not only prisons for criminals but also lunatic asylums.

Referring to a recent anti-Cuban resolution by the UN Human Rights Commission in Geneva, Fidel Castro mentioned the case of Russia, which supported the decision.

I was thinking about Chechnya, he commented; adding: "Strange things happen in this world. Dozens of men, women, and children are dying there," he added.

He said that, following the socialist bloc's collapse, countries are standing in line to do what the United States orders.

Commentary Against U.S. Blockade Echoes TRABAJADORES

PA2403145895 Havana Radio Havana Cuba in Spanish 0000 GMT 22 Mar 95

[Commentary by Roberto Morejon from the "Evening Information Review" newscast]

[FBIS Translated Text] The most ultraconservative sectors of the U.S. Congress, assisted by the extreme rightist Cuban emigrees based in the United States, are attempting to secure a stiffening of the blockade against Cuba. In their desperation, however, they have not been able to keep the issue of Cuba from being a permanent subject of debate between those for or against such a measure. Since the outset of the crisis of the Cuban rafters, around the middle of last year, everything related to the island has continued to occupy the ever-increasing attention of congressional, academic, and journalistic circles.

Those who tried to manipulate for their own benefit the exodus of the Cuban illegal emigrees—traditionally encouraged by Washington until its recent change of attitude—suffered a setback after the U.S.-Cuban talks concluded with a new immigration agreement. The fact of demonstrating the viability of talks with Cuban authorities and the feasibility of finding mutually beneficial agreements made many sectors of the U.S. society wonder if the time had not arrived to finally discuss the heavy burden of the blockade against Cuba.

Little by little, the voices demanding an end, or at least a lessening, of the economic siege grew in number and proportion, to the point that the most famous newspapers, including THE NEW YORK TIMES and THE WASHINGTON POST, demanded the lifting of the blockade. Although they were denied later by officials, media reports speculated about alleged recommendations by some advisers of U.S. President William Clinton to the effect that the White House should eliminate some of the restrictions against Cuba. The climate of debate on Cuba, in which the voices demanding an end to the economic war have not been silenced, makes difficult the passage of the bill directed at tightening the blockade, sponsored by Republican Jesse Helms in the Senate and Dan Burton in the House of Representatives.

In the opinion of the weekly TRABAJADORES, the series of irrationalities contained in the text, including that of co-participant in the blockade of third countries, explains the fiasco suffered when Helms recently tried to introduce it hastily as an amendment, but it was rejected. The Cuban publication adds that it realizes the discomfort of diplomats accredited to Washington over the sponsorship in Congress of initiatives which grossly undermine the independence of foreign governments. Those in the United States who debate, thereby strangling through hunger 11 million Cubans, appear to ignore the logical dissatisfaction of other governments and the wisdom of those in the United States, who refuse to endorse the economic war against Cuba.

Foreign Ministry Spokesman on Blockade, Guantanamo Emigres

FL2403153695 Havana Radio Progreso Network in Spanish 1200 GMT 24 Mar 95

[From the "First Thing" program]

[FBIS Translated Text] Miguel Alfonso, Foreign Ministry spokesman, stated that the bill that the U.S. congressmen are discussing to strengthen the U.S. blockade against Cuba contradicts international rights, as well as the opinion of the international community.

[Later in the same broadcast Havana Radio Progreso carries the following report: "Miguel Alfonso, Foreign Ministry spokesman has stated that over 5,000 illegal Cuban immigrants—who were confined at the Guantanamo Naval Base—have traveled to the United States, based on humanitarian reasons."]

Castro: Havana To Sign Tlatelolco Nuclear Arms Treaty

PA2603004895 Havana PRENSA LATINA in Spanish 2335 GMT 25 Mar 95

[FBIS Translated Text] Havana, 25 Mar (PL)—Cuban President Fidel Castro today confirmed his country will sign the Tlatelolco Treaty Against the Proliferation of Nuclear Arms to achieve greater unity with Latin America.

"Our current relations with Latin America" dictate that we do this, the Cuban president said, after declaring that Cuba had not signed the treaty earlier "on moral grounds."

Fidel Castro made these statements before a plenary session of the Fifth Congress of the Federation of University Students (FEU), which ends today at Havana's Convention Palace.

The Cuban leader added, "We had to follow a course dictated by our new ties with Latin America," while a few years back "we said that when they all had signed it, Cuba would sign it too."

He added: "We still believe it is crazy for a number of nations to promise to do something which the only country that possesses nuclear bombs, the one that exploits and oppresses us..." does not agree to do, while "it continues to possess and manufacture all of the nuclear bombs it pleases."

Robaina, Mexican Secretary Arrive for Signing

PA2603013995 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Mar 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Mexican Foreign Secretary Jose Angel Gurria and Cuban Foreign Minister Roberto Robaina arrived in Havana today [25 March] on a flight from Mexico City. The Mexican foreign secretary is in Havana to attend a ceremony during which Cuba will sign the Tlatelolco Treaty, which bans nuclear weapons in Latin America and the Caribbean.

Cuba's acceptance of the antinuclear agreement will be signed by Foreign Minister Roberto Robaina, who has just paid an official visit to Canada, where he met with members of the government, Parliament, and business sector. In remarks to the Cuban media, Foreign Minister Robaina said that, despite not having common positions with the Canadian Government, he explored new paths for negotiations in the economic sector—the most promising area in the contacts.

Cited on Nuclear Arms Treaty

PA2603045995 Havana PRENSA LATINA in Spanish 0336 GMT 26 Mar 95

[FBIS Translated Text] Havana, 25 Mar (PL)—Cuba today signed the Tlatelolco Treaty banning the proliferation of nuclear arms in Latin America and the Caribbean, noting that a condition for its remaining in the treaty is a solution to U.S. threats against its security.

President Fidel Castro was present at the ceremony, which took place at the Council of State. Mexican Foreign Secretary Jose Angel Gurria also was present and received the signed documents from his Cuban colleague Roberto Robaina.

In addressing those present, Robaina said his country has once again demonstrated to the world its devotion to its commitments, this time by honoring the Cuban president's statements during the First Ibero-American Summit in Guadalajara.

Robaina said: Let this step be seen as yet another expression of our country's willingness to fully integrate with the Latin American and Caribbean communities, and as the confirmation of our trust in the future of a united Latin America, which our suffering people demand now more than ever before.

The Cuban foreign minister said his country has gone ahead with this act under the threat of grave dangers and at the cost of even greater sacrifices. He reiterated that the obstacles that have prevented Cuba's total incorporation into the treaty are still very much present and continue to seriously threaten national security.

Robaina stressed that the United States, the only nuclear power on the continent, maintains a hostile policy toward Cuba, which includes the tightening of the economic, commercial, and financial blockade, as well as the forceful and illegal occupation of a part of the nation's territory.

Through this area, the minister explained, U.S. vessels transit while carrying nuclear weapons. He added that, in the future, the solution of this problem should be considered as a condition to the island remaining in the treaty.

Moreover, he stressed that Latin American countries must not only be asked to forgo the possession of nuclear weapons, but that it must be simultaneously verified that nowhere in Latin America or the Caribbean do such weapons exist.

We support a complete ban on nuclear arms as the only way to guarantee long-lasting peace and the safety of everyone, and those who are called upon to honor this principle first are the so-called nuclear powers, he added.

The Cuban foreign minister stressed that it was on moral grounds that Cuba—a nation with no opportunities, resources, or technology to produce such weapons—did not sign the treaty at an earlier date, because signing it would be considered a unilateral renunciation, and for this decision, it only received hostility, pressure, and threats from the United States.

After noting that the regional climate has changed substantially for Cuba recently, and adding that the island is rejoining the Latin American and Caribbean community, "to which we were always a member," he affirmed that integration is the only way to defend the economic and political independence of the region.

These final considerations explain our decision to proceed today with the signing of the Tlatelolco Treaty, despite the fact that the circumstances, which until today had prevented Cuba from taking this important step, continue to prevail and, in some instances, have worsened, he remarked.

Meanwhile, the Mexican foreign secretary thanked President Fidel Castro for his presence at the ceremony and conveyed fraternal greetings on behalf of President Ernesto Zedillo and the Mexican people.

Gurria described the ceremony as a memorable act of great historical significance, which not only gives Mexico deep satisfaction, but satisfication to the entire international community.

Cuba's incorporation gives full meaning to the efforts initiated in 1963 in response to threats posed by the bipolar confrontation, and which sought to free Latin America from the arms race, he said.

Gurria reaffirmed the need to struggle for complete global disarmament and admitted that the treaty is not an end in itself but, rather, an effective means in the battle to eliminate weapons of mass destruction.

He also favored efforts to guarantee the peaceful use of nuclear energy in the region to support the economic development of nations.

Also present at the ceremony were members of the diplomatic corps accredited in Cuba; Carlos Lage, vice president of the Council of State; Ricardo Alarcon, president of the National Assembly of the People's Government (parliament); Science and Technology Minister Rosa Elena Simeon; and other top Cuban government officials.

Foreign Ministry Confirms Plans

FL2603023195 Havana Radio Rebelde Network in Spanish 1000 GMT 25 Mar 95

[From the "Doing Radio" program]

[FBIS Translated Text] The Cuban Foreign Ministry has reported that Mexican Foreign Secretary Jose Angel Gurria will travel to Havana City today to participate in a ceremony during which the Cuban Government will sign the Tlatelolco Treaty. The communique notes that Cuban authorities would today sign the document—of which Mexico is the depositary—which determines that nuclear arms [words indistinct] in Latin America and the Caribbean. The communique adds that Cuban Foreign Minister Roberto Robaina will be signing the document.

Foreign Minister Signs Tlatelolco Treaty

PA2603030995 Havana PRENSA LATINA in Spanish 0242 GMT 26 Mar 95

[FBIS Translated Text] Havana, 25 Mar (PL)—Cuba today signed the Tlatelolco Treaty banning the proliferation of nuclear arms in Latin America and the Caribbean at a ceremony at the headquarters of the Council of State.

The document was signed by Cuban Foreign Minister Roberto Robaina in the presence of President Fidel Castro and Mexican Foreign Secretary Jose Angel Gurria.

The chief of state, speaking shortly before the final session of the Congress of the Federation of University Students, said Cuba would sign the treaty for the sake of greater unity with Latin America.

"We still believe it is crazy for a number of nations to promise to do something which the only country that possesses nuclear bombs, the one that exploits and oppresses us" does not fulfill, the president stressed.

Foreign Ministry Issues Statement

PA2603043595 Havana PRENSA LATINA in Spanish 0351 GMT 26 Mar 95

[FBIS Translated Text] Havana, 25 Mar (PL)—The Cuban Foreign Ministry today said the obstacles which, to date, had prevented the country's full incorporation into the treaty to ban nuclear arms in Latin America and the Caribbean continue to persist.

An official statement issued by Foreign Minister Roberto Robaina on behalf of the government of the Caribbean nation said that these obstacles continue to have serious implications on the island's security.

The only nuclear power in this part of the world—the United States of America—is maintaining a hostile policy against Cuba; is intensifying its economic, commercial, and financial blockade; and is bolstering its campaign against the country, the statement added.

The Foreign Ministry statement said the United States continues to forcefully maintain against the Cuban people's will the illegal occupation of part of the nation's territory, and its vessels pass through this area carrying nuclear arms.

It stressed that, in the future, this problem must be considered as a condition for Cuba to remain in the treaty.

Castro, Robaina Attend Treaty Signing

FL2703030095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 27 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] The treaty banning nuclear weapons in Latin America and the Caribbean was signed in the presence of Cuban President Fidel Castro. The Tlatelolco Treaty is a project that was launched in Mexico in 1967 and has been signed by 29 nations in the area.

During a ceremony at the Palace of the Revolution, attended by Cuban President Fidel Castro and other high-level government officials, Foreign Minister Roberto Robaina signed the treaty on behalf of Cuba. This is considered another expression of Cuba's willingness to fully join the community of Latin American and Caribbean nations.

[Begin Robaina recording] Under the shadow of great danger, and at the cost of the greatest sacrifice, this action is also a reaffirmation by the Government of the Republic of Cuba of the genuinely peaceful nature of its nuclear program. However, we reiterate with full awareness that the obstacles that have prevented the full integration of Cuba into this treaty are still present and continue to seriously threaten Cuba's national security.

The United States of America maintains a policy of hostility against Cuba, including the restrengthening of the economic, commercial, and financial blockade; the reinforcement of its campaign against our country; and upholding by force, and against the will of our people, the illegal occupation of a portion of our national territory, crisscrossed by ships carrying nuclear weapons. The solution to this problem in the future is to be considered a condition for Cuba to remain in the treaty. [end recording]

The signing of the document was also witnessed by Mexican Foreign Minister Jose Angel Gurria.

[Begin Gurria recording] With this step, Latin America and the Caribbean become the largest denuclearized region on the planet. Cuba, like the rest of Latin America and the Caribbean, has pledged to use nuclear energy for peaceful purposes and as a lever for social and economic development. Mexico greatly appreciates Cuba's signing the Tlatelolco Treaty as a renewed expression of Cuba's commitment to joining the consensus of Latin America and the Caribbean. [end recording]

The signing of the treaty demonstrates Cuba's commitment to world peace and to integration of the peoples of Latin America.

Foreign Minister Robaina Interviewed

PA2603225795 Havana PRENSA LATINA in Spanish 0806 GMT 25 Mar 95

["Exclusive" interview with Foreign Minister Roberto Robaina by Martin Hacthoun at the Foreign Ministry in Havana on 18 March; all quotation marks as received—first two paragraphs are a PRENSA LATINA introduction]

[FBIS Translated Text] Havana—Cuba is open to the world. It has relations with 152 nations; it is not afraid of any policy changes in the United States and is beginning a new stage in its relations with Europe.

Under the pleasant shadows in the gardens of the Cuban Foreign Ministry, very appropriately adorned with the natural beauty of birds and plants, Cuban Foreign Minister Roberto Robaina answered several questions by PRENSA LATINA, just two days after returning from Europe and one day before leaving for Canada.

[Hacthoun] For the last two years now, Cuba has been on a foreign policy offensive and you have been one of its main actors. How would you assess the results of such an active diplomacy?

[Robaina] I have seen just a part of what has come to be known as the diplomatic offensive, and perhaps I have had the easiest part. Things have changed for us during those two years as well. More than a diplomatic offensive, we must now speak of a continuous offensive.

"What the people here go through every day is very hard, and we must illustrate that in the shortest possible time. Furthermore, what they go through changes very quickly and we must take that message to where the press has closed us out. We have had to answer invitations to explain our reality in our own words; a reality that is neither full of virtues nor full of defects. It is, nevertheless, what we want it to be: A totally credible Cuba. It is for this totally credible Cuba that we have waged this foreign policy offensive; a foreign policy that has constantly been on the offensive for the last 35 years but has always been wise enough to adapt to the times.

[Hacthoun] And the results?

[Robaina] "The results are there. Without going as far as to say we have found a solution to all our problems, the truth of the matter is that nowadays Cuba is present all over the world. A few examples include our president's presence in Paris and Cuba's voice in Copenhagen, where it was able to express its wishes on behalf of the Cuban people. The fact, for those who say Cuba is isolated, is that Cuba has diplomatic relations with 152 states. If that is being isolated, then Cuba feels more support than ever.

[Hacthoun] Mr. Foreign Minister, relations with Europe have gone through several stages during the last few years. Cuban President Fidel Castro, upon arriving in Paris, said that apartheid had been broken. How do you think our links with Europe are coming along?

[Robaina] "Relations with Europe, as you have accurately said, have been through several stages. I believe we are entering a new stage today. I think what Spain and other European nations have done in the area of investments and the brave decision by President (Francois) Mitterrand to meet with President Fidel Castro, who had been invited to France by UNESCO, is what our president meant when he said that a kind of political apartheid had broken.

"Regardless of the stance that several European presidents adopted for many years, it is important to distinguish the relationship we have enjoyed with the European people and with business personalities from many of that continent's countries during all these years of alleged isolation.

"European business has never lost contact with Cuba's reality, which is now open to the world and, therefore, to Europe. The world has begun to realize that Cuba offers an opportunity for investment, which some are afraid they might miss. I must correct them: the problem is not that they might miss the opportunity, but that they have already missed the Cuban economic opening.

[Hacthoun] Could we be referring to the United States in this case?

[Robaina] "Well, that is a significant part of the statement, because that is what U.S. businessmen are most concerned about. The Cuban market is opening to the world and they are forbidden to enter. In my view, the U.S. community in general and the U.S. business sector is beginning to discuss this issue with growing force.

"Many European business personalities have realized that Cuba is not the hell they were told it was. Here we are: we are neither the hell they were told nor the paradise we would like to be. We are neither one extreme nor the other.

[Hacthoun] While in Europe, President Fidel Castro changed his usual olive-green uniform for a classic suit and tie. Is this part of Cuba's new projection into the world?

[Robaina] "I do not believe you can associate the kind of transformation that Cuba is experiencing with a change of attire. In the first place, the commander has not set aside his olive greens, because wherever he wore the European style suit he also appeared in his olive-green uniform.

I believe the commander was asked to wear a dark suit to specific events that were part of the protocol, and because of his ability to adapt to new circumstances, he saw no problem in wearing a suit. This, however, does not mean he has abandoned the olive green uniform, because I believe he not only wears olive green externally, but it is much more important, at least to me, that he is clad in olive green internally.

"Changes are associated with many things, especially the times the country now faces in a world that has changed substantially. We must adapt, preserving those things we consider sacred and non-negotiable. There are other areas, particularly in the economic realm, where we have introduced changes that must be implemented in a controlled, orderly, and calm manner. As the old saying goes, the more you hurry, the slower you get dressed. That is what we Cubans are doing: We are getting dressed slowly, precisely because we are in a hurry.

[Hacthoun] It has been said that Cuba is introducing reforms that can lead to capitalism. What is your opinion?

[Robaina] "We have always had to face difficulties. We have a goal, and to achieve that goal, we must cope with difficulties. That goal, however, is not capitalism. Capitalism is not an option for us. The continent we visited may have resolved some internal problems dealing with things such as productivity, efficiency, and others, but our model is not exactly the same.

"Capitalism and the neoliberal world, if we were to consider it a model, continues showing us that the rich are getting richer and the poor are getting poorer. We have just discussed this in Copenhagen, and the Cuban people do not want this king of solution. What we want, precisely, is sharing what we have among ourselves. That can be very difficult... the differences and difficulties that emerge comprise challenges we must face, but we do not have to worry before anything actually happens.

"Economically, we are forging a model we can describe as Cuban, national, and tropical, which guarantees state participation in areas in which we feel we must open up to the world, because we have raw materials but lack technology and markets, or vice versa. In this process, these are the obstacles we must overcome. There are, however, other areas in which joint ventures are not necessary because we already are obtaining good results—areas such as education, health, and science.

"We are building our own model based on our own experiences. Circumstances today are different from those that prevailed 30 years ago. Moreover, they are different from those that prevailed 12 years ago. In this process, it is not a matter of taking large economic steps, but consolidating the steps we have already taken in an effort to obtain what the country needs most, which is increasing production.

[Hacthoun] Turning to the United States, a political debate is being promoted in Washington in which some voices are unanimously demanding an intensification of the blockade, while others are demanding lifting or easing the blockade. At the same time, the press is calling for a change in U.S. policy toward Cuba. How do you view this political debate in Washington with regard to Cuba?

[Robaina] "I believe it shows U.S. society is going through a new phase and that, in a way, the U.S. Congress is beginning to reflect that reality. There are voices within the U.S. Congress in favor of lifting the blockade, many voices. There are others in favor of a partial lifting, while the extreme right has proposed intensifying it more than ever.

"This debate has just started in the U.S. Congress, perhaps not with the same intensity as within society and the press. It is, however, encouraging, just, and proper to hear voices in the U.S. Congress, such as (Charles) Rangel and others, which are beginning to express a point of view different from the traditional one. It would be erroneous to believe that the U.S. Congress as a whole has only one view on the subject. Many voices will be raised as they come in contact with Cuba. We have not asked Rangel or anyone to share the Cuban view. We have only asked them to express their own views, even if they are different from ours, as well as when they differ from those of the U.S. extreme right, which seems to think that the only possible solution is destroying Cuba.

"There is no possibility of negotiations under such terms.

[Hacthoun] Even so, powerful circles in Washington have insisted that a hostile policy will ultimately topple the Havana government. What do you think?

[Robaina] "Well, first of all, Cuba is accustomed to such Machiavellian statements riddled with aggressiveness and threats. I would say that they have been repeating the same lines for 35 years, trying to convince the world that the blockade will be the end of Fidel and that the country will collapse. Today it is Helms, yesterday there were others, and it is possible that in years to come there will be others.

"The fact remains that despite Helms, with or without Helms, Cuba exists, lives, works, laughs, develops, visits France, and appears in Copenhagen. Therefore, I believe that predictions that claimed that blockades of Cuba would sink the island have failed, and I believe that the first thing that unifies Cubans is any policy that intends to ignore or sink us.

[Hacthoun] For three decades Cuba has known how to face and handle this hostile policy. What would happen, Mr. Foreign Minister, if suddenly the United States changes its policy toward Cuba and ends the blockade? How would Cuba face this new situation?

[Robaina] "What we must point out is that the United States has not changed this policy toward Cuba. If it did change, I believe this would represent a new stage for the island in its relations with that neighboring country. It would be a period in which we would have no reason to continue seeing them as political adversaries.

"In my opinion we should look at this as part of a civilized world on the eve of a new century in which plurality is sought. If the United States is respectful toward Cuba in this new stage, this does not mean that Cuba suddenly will become respectful toward the United States, because Cuba has always been respectful. It has never occurred to Cuba to tell the United States to hold its domestic elections differently. This is up to the U.S. Government and its people. And, for the record, Cuba has many opinions on what happens domestically in the United States, but it is simply not up to us to tell them what to do; this is something that it entirely up to the U.S. people.

"To those who believe that lifting the blockade would ultimately cause Cuba to disappear, I invite them to try and see if we do indeed disappear. I think they are not so sure about this, because they have wanted us to disappear so badly that, if they were really certain, they would have lifted the blockade long ago.

"Of course, for us the lifting of the blockade means, in fact, a new stage in which all of our problems would not automatically be resolved. This does not solely depend on the U.S. blockade. The blockade makes our life much more complicated, much more awkward, hostile, and difficult.

"With the elimination of the blockade, we would have access to goods at costs much lower than the high transportation prices we now pay. It would also mean something for Cuba that would be worth discussing in another field—a discussion on values, culture, and many other things, which I believe would be different. Nevertheless, we would be willing to discuss it. We are willing to face such an eventuality.

"We do not have fears about the blockade being lifted, and it is important to scream to the world: If Cuba feared the blockade, it would not ask so often that it be abolished. [sentence as published]

[Hacthoun] On another topic, Mr. Foreign Minister, are there plans for another meeting with Cuban emigrants? Is there a date, and do we know who the guests will be?

[Robaina] "We have not yet decided on the month. We have talked about continuing with the Nation and the Emigrant Community forum, which began with a broad representation, including members of many groups and many Cubans residing abroad in more than 40 countries, and we want to deepen and broaden this.

"We are willing to do this, following the guidelines of the first meeting and based on understanding and respect for the island. I have heard comments that this meeting should be open and that everyone should be called. Yes, it is open, but not open for everyone who wants to come. It is open because we have held it with absolute freedom to discuss our problems.

"Those who intend to come to a session in Havana and tell those of us organizing the meeting that we must be beheaded and that the first month must be a bloodbath have mistakenly judged the country, and they have mistakenly judged the conference. This is not the point, because, I repeat, for the second meeting, whenever it is called, the only rule we maintain is that there is no place for hysteria. The meeting is not with hysterical people.

[Hacthoun] If it would not be too much to ask, we would like...

[Robaina] "It was already too much a long time ago, too much a long time ago (laughter).

[Hacthoun] Tell me, please, how is the dialogue with the Cuban community abroad coming along?

[Robaina] "I would say it is at its best point ever, because there is respect and understanding. It is a meeting of Cubans who, regardless of where they live in the world, respect what the island does. They also are watching the island in order to respect it. We have never asked them to share the ideology that Cuba defends.

"This is something that works very simply now. Consider, for example, the topic of migration, and all of the stumbling blocks that existed or everything that was considered a Cuban obstacle. Today, there are none. All of those famous stumbling blocks have been removed, and it now works out that all of the impediments to communicate with the island are not by Cuba's design, but by the United States. Therefore, as far as Cuba is concerned, this dialogue is at its best point ever, and this is why we want to give it continuity."

After replying with a smile and saying "not at all" to the thanks and excuses for the extended interview, Foreign Minister Robaina, wearing black pants and a T-shirt, heads back to his office. He must prepare for his trip to Canada, which he considers "very important."

Agile, fluid, and open to dialogue, the young minister is also part of the new era, which also includes other young leaders in a Cuba that is opening to the world, breaking down apartheid in Europe [as received], and reforming itself in a "Cuban, Latin American, and tropical" style, but which still continues to be rebellious.

Commentator Outlines 50 Years of Ties With Canada

FL2403231995 Havana Radio Rebelde Network in Spanish 1800 GMT 24 Mar 95

[Commentary by Susana Tesoro; from the "National Radio News"]

[FBIS Translated Text] Canada and Cuba celebrate 50 years of uninterrupted relations. When Cuba was kicked out of the OAS, all Latin American countries, with the honorable exception of Mexico, broke off relations with our country in the wake of Washington's mandate. Another, a non-Latin American country located on the same continent, honored its independence and economic sovereignty by maintaining political and trade relations with the island.

Throughout the three decades of the Yankee blockade, Canadian enterprises have always maintained economic relations with Cuba. With the financial crisis and the Torricelli Law's intensification of the blockade, it became vital for the island to open to new markets, investments, and capital. It is logical that Canada, a country that borders and maintains very good relations with the United States, was under tremendous pressure. Nevertheless, Canada not only maintained its stable relations with Cuba, but intensified those relations.

Cuban Foreign Minister Roberto Robaina recently visited an important Alberta, Canada mining installation, a sector in which, along with the oil sector, Canadian investments are most visible. The mere fact of inviting and receiving our foreign minister represents a logical, consequent step in its policy toward Cuba. We must add that Canadian nickel investments in Cuba are governed by the economic law of profit, but those enterprises are not like the typical enterprises that destroy all the natural resources of a country. Instead, they participate as partners: They provide important technology to the island for its development; they take the environment and ecosystem into account; and, in most cases, work harmoniously so that relations with Cuba are as fruitful as possible.

Robaina's visit to Canada marks a new moment in the ongoing development of normal, peaceful, harmonious relations between a very powerful northern neighbor and a small Caribbean island.

Diplomats Reportedly Charged With Espionage Leave Canada

PA2503154395 Madrid EFE in Spanish 0827 GMT 25 Mar 95

[FBIS Translated Text] Montreal (Canada), 25 Mar (EFE)—Four Cuban diplomats recently had to leave Canada when their espionage activities were discovered, according to Cuban opposition sources.

The return of three diplomats from the General Cuban Consulate in Montreal and another diplomat from the Cuban Embassy in Ottawa seem to confirm recent rumors from Miami (Florida) indicating that Canada uncovered the four Cuban officials' espionage activities.

According to the sources, Consul Julio Cesar Oliva Perdueles and Vice Consuls Ramon Hurtado and Julio Concepcion Gonzalez, who have been at the Cuban Consulate General in Montreal for less than a year, have been sent back to their country, along with Raul Rodriguez Averhoff, third secretary at the Cuban Embassy in Ottawa.

Jesus Fernandez, Cuban consul general in Montreal, denied that his subordinates' return to Cuba was in any way linked with espionage activities in Canada.

Jesus Fernandez told EFE: "It is a campaign with the political intention of discrediting Cuba and the perverse desire to disrupt our good relations with Canada."

Fernandez said the three diplomats left his office because they had completed their training period. He said: "They are young and they are sent to different consulates for some time to gain experience."

The Cuban consul's explanation was termed "illogical and absurd" by anti-Castro sources in Montreal who did not want to reveal their identity.

The sources added: "It makes no sense that Havana would send its diplomats to train in Canada, which is one of the most important places for Fidel Castro's regime."

According to the version offered by the Cuban consul, the return of Oliva and Hurtado to Cuba reportedly occurred during the first half of March, while Julio Concepcion reportedly left Canada months ago.

Following the three officials' departure, the Cuban diplomatic corps in Montreal has been reduced to Consul General Jesus Fernandez and Commercial Consul Alberto Rios.

Both the Cuban Embassy in Ottawa and the Canadian Foreign Affairs Ministry have refrained from making statements on this issue.

Canada expelled five Cuban diplomats in February 1994 after charging them with espionage.

Three of the diplomats expelled last year worked at the Cuban Consulate General in Montreal and the other two at the Cuban Embassy in Ottawa.

Former Cuban intelligence official Florentino Azxpillaga, who currently works for the United States' FBI, recently told DIARIO LAS AMERICAS in Miami (Florida) that the Cuban Consulate General in Montreal is where Cuban spies carry out their most important operations.

The news about the four diplomats' departure due to espionage charges has coincided with the end of Cuban Foreign Minister Roberto Robaina's official visit to Canada. Robaina returned to his country on 24 March.

Canada has maintained good relations with Cuba for over five decades and it has recently featured prominently as one of the Caribbean country's leading supporters against the economic blockade enforced by the United States against the Havana regime.

'Straight Talk' Views Oil Exploration

FL2503022295 Havana Radio Rebelde Network in Spanish 1700 GMT 23 Mar 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Fernando Davalos]

[FBIS Translated Text] [Roque] The oil firm, Total, drilled two wells in Cuba, one north of Cardenas, in which it did not find oil and as a consequence closed down its installations and withdrew from Cuba. One might ask: What does the cancellation of the contract by this French firm represent for Cuba? Might one infer that the search for oil in Cuba has been discarded, or that we returning to the point from which we started?

[Davalos] Well, as you said, Total made serious studies in Cuba. It drilled two dry wells, which did not bear anything. But in this matter, the proportion of finding... [pauses] or the coefficient of success in the world is one out of 10—in other words, one out of every 10 wells drilled has petroleum. It is true that this French firm played an important role because it was the pioneer in this type of business with Cuba, this type of contract—the chance of striking oil. It made very vigorous studies, but these studies do not guarantee striking oil. These two dry wells are therefore unfortunately in the normal range, according to the statistics of various countries.

[Roque] Yes, but the reality is that these negative results caused the firm to cancel its contracts with Cuba. In other words, it canceled its exploration activities. I remember that several news agencies described this as a negative event, which, to a certain extent, implies that there is no oil in Cuba.

[Davalos] Well, let me stress that this conclusion—that there is no oil in Cuba—is the conclusion of the news agency, not of the specialists from the Total firm. Actually, their opinion is completely to the contrary. The technicians from Total have declared on more than one occasion that two wells with no results does not mean that there is no oil in Cuba. They mentioned this because people abroad might think completely contrary things, especially if it can be used to discredit Cuba, plant hopelessness in the hearts of the Cuban people, or keep other firms from dealing with Cuba. It is misinformation that we know very well. We know where it comes from and why. It is not new. It is just another lie. Total is a prestigious, serious firm, and has not made negative pronouncements about Cuba. In fact, now that its oil division has withdrawn from oil exploration here, it still maintains offices for other divisions. Its ink division remains in Cuba. There are other firms that are subsidiaries of Total, and they are doing business here.

[Roque] Regarding what you said, let me remind you, Davalos, that this is not the only foreign company exploring for oil in Cuba, even though it was the first one.

[Davalos] Yes, the first in the revolutionary era.

[Roque] Of course. Furthermore, let us not forget that the existence of oil in Cuba is already a reality, with the findings of Canadian Northwest Energy. This was last year, even though many believe that nothing more has been done about this deposit in Cardenas. Frankly speaking, they reported finding oil; the results were positive; and the information was disseminated through various radio and television newscasts. But we have not heard anything else about it. We do not know what happened with that oil deposit or what is happening, which has provoked some to say that that announcement was nothing more than a big fiasco.

[Davalos] Yes, I agree with what you are saying. In Cuba, there are more than a dozen companies with contracts, studying and exploring these oil deposits in 18 blocks, or 18 areas of the national territory, with a possibility of the 36 existing blocks. We could mention the Canadian North Western [CNW]; the (OFD), which has seven blocks; Taurus from Sweden; (Femus Resources); (Premier); and (British Borneo), among others. There are many others negotiating contracts. Obviously, Total drilled and did not find oil, but this did not happen with CNW, as you said. Oil was discovered and it was announced.

Not too long ago, in December, (Geo-Petrol) also discovered oil in Puerto Escondido. But, as for the oil well discovered in Cardenas by the CNW, even though very little has been said about it, there is great interest in it. Not only interest, but technical steps to determine whether it is profitable or not have already been taken. I have some news for you on this. These technical studies have allowed this oil well in Cardenas, as of March, to pass on to a developmental stage. In other words, the studies are being made to micro-locate the deposits that have been labeled developmental within Cardenas Bay. I believe they will begin to be drilled before the conclusion of 1995, at least the first one.

[Roque] Davalos, when the discovery of oil deposits was announced at the beginning of 1994, it said there was oil and lots of it. It would seem that there were still many studies to be conducted, based on what you said.

[Davalos] Yes, it was advised that this oil deposit in Cardenas Bay, the one called (Cupey 1X), yielded oil in experimental tests. But that information was not sufficient. They still needed to know if the oil that was in the deposit was right for development of an oil field and for exploitation because there could be deposits that give oil but underneath, there is either none or not enough to merit investment. Now we know that it is worthwhile. I might add that it takes millions and millions of dollars to develop an oil well. In short, we could talk about how the wells will extend around the first [as heard]. In other words, to know exactly where those wells will be located.

[Roque] Yes, studies continue, but it still does not yield oil. People might ask themselves: When will the moment that we are all awaiting come? Could this process be progressing too slowly? Keep in mind that they have been working for several years on these explorations, and it is logical that we are anxious to take advantage of the results.

[Davalos] I agree, but these exploratory processes demand a certain amount of time because of the technical rigor. It takes time and money. Money that the country—we will say it, or remind the people once again—the country did not have the money to begin these contracts or investigations. We were able to do it, thanks to these contracts at risk. It is because of these contracts. If not, we would not have been able to begin exploring on our own because we did not have the technology or capital. We cannot forget that. Therefore, we must be patient. We must search and find petroleum. This cannot be done overnight because the technology is very rigorous. In other words, it is very important to clarify this idea. We Cubans are very anxious to see the results.

[Roque] But, frankly speaking, people ask themselves what good was the work done during the Soviet era. In other words, are we going to discard everything that was done before? Because all this did not begin only now, with French or Canadian firms.

[Davalos] No, of course not, that would be stupid. Thanks to the studies we conducted with the Soviets, we have been able to advance and determine more accurately the possible zones in the country. Of course, we must recognize that during the time of the Soviets. the technology used was not the most modern or efficient. But because of these studies made with Soviet technicians—we must not forget whom we should thank for their fraternal help—Cuba discovered the oil deposit in Varadero. It is not exactly on Varadero Beach, but south of Varadero, and it extended to the deposit in (Boca Jaruco), which is Cuba's second deposit, and others. These deposits that were discovered with the Soviets are the ones that are providing the petroleum that in 1994 reached 1.3 million tonnes, which is significant. The problem is that what was done is not enough. It is small when compared to Cuba's needs. In the time of the Soviets, as you say, Cuba received more than 13 million tonnes of petroleum. Today, we do not have that inexpensive, secured oil. With our resources, which are limited, we went out to look for oil on the international market and spent $700 million to bring in less than half the oil we had before.

[Roque] Yes, you mentioned before that the CNW is developing the deposit that it found in Cardenas, and that is good news. I believe that seismic research will continue and that explosions may be used. How has this been viewed in other places—because explosions are used to determine whether or not there is oil. But, these explosions are also a cause for concern. They kill fish; they alter the environment. I ask myself, and I ask you, if there are alternatives.

[Davalos] Yes there are alternatives and I am informed on the matter. I can say that the CNW and Cupet will not apply the explosion method, not at this stage—even though I must point out that this method is very effective.

Fortunately, there are other options. There has been some thought about seismic testing, which can tell us whether there is oil in a specific area or not. The shock wave's velocity indicates whether there is oil or not. They will use the water cannon [canones de agua] technique in Cardenas. It is harmless to the bay's ecosystem. I should add that to create these expansive shock waves, they could also use what is called the pneumatic discharge [descargas neumaticas]. However, they will use the water cannons instead. These shock waves are recorded on seismographs. The expansive wave's velocity can confirm the presence of petroleum—that is, according to variances in its pattern.

Some interesting news: A very sensitive system will be used on board a ship in Cardenas Bay in a few days. It is an ultramodern system called the 3-D. It has been specially contracted by the CNW for these studies. It will be used on board a ship.

[Roque] We have mentioned CNW activities in Cardenas, yet other companies have advanced on seismic studies and some are even preparing to drill. Davalos, these other companies have also been operating in Cuba for some time. It seems to take way too long for them to conduct the same studies. What is that all about? One thing remains clear: Although Total has withdrawn, the search continues and the outlook is good.

[Davalos] I would say that the apparent delay is good. There seems to be delays, first of all, because we are in a hurry. That haste is caused by the country's need. The process takes time. Not all of these firms have been in Cuba the same amount of time. Total may have left, but (British Borneo) and (Premier)—both of Great Britain—have arrived. That is the situation. The situation continues to be good and optimistic, and the outlook continues to be good.

Here's a brief example: Block 11—which includes Cienfuegos, Matanzas, and Villa Clara territories—has been contracted by (British Borneo) and (Premier). They will begin the seismic campaign in April. Block nine, which was contracted by Total, has now been contracted by CNW. They just began the seismic campaign. Blocks 16—north of Camaguey—and 17—north of Las Tunas—belong or were contracted by (Femus Resource). They will begin seismic studies in June. More importantly, all these blocks—nine, 11, 16, and 17—will begin drilling next year, in a matter of months.

[Roque] Yes. Next year will be decisive for the Cuban oil industry. Davalos, to conclude, I have heard that the Swedish firm (Taurus) will begin drilling in its marine block in 1995.

[Davalos] Yes, that has been announced. This firm is planning—and they are serious about the planning—to begin in the third quarter of the year - that is, in just a few months or even weeks. Their blocks are in the south in the shallow sea of our insular platform, between Ciego de Avila and Granma Provinces. The first well that they will drill will be in the south, near the Gulf of Santa Maria. While it may be a little ways out, it is still within our insular platform. It is about 20 kilometers from Jucaro. They will build an artificial island there. There are two different plans. I am not sure what they are going to do exactly, whether it will be an artificial island using material from the area—rocks from the sea bottom—or whether they will build a (Jacobs) platform—like the one used for the (Cupey 1X), which can already be seen from the port of Cardenas.

[Roque] Just because Total canceled its contracts in Cuba does not mean that there is no oil in Cuba.

[Davalos] No, of course not. There is oil in Cuba.

Haiti

Antigovernment Demonstration Staged in Capital

PA2403224495 Port-au-Prince Signal FM Radio in French 1130 GMT 24 Mar 95

[Report by Luckenson Jean from "The Waking Up Newscast"]

[FBIS Translated Excerpt] Some 1,000 people have taken part in an antigovernment demonstration to protest the high cost of living, the lack of security, and the degradation of the state, according to AFP and other journalists. The demonstrators, most of whom were youths, shouted down Prime Minister Smarck Michel and called on President Jean-Bertrand Aristide to act courageously.

The protest marked the first notable antigovernment demonstration in Port-au-Prince since President Aristide's return on 15 October. The demonstration, which was organized by popular groups under the Watch Over the Nation Committee, began in the Bel-Air slum in the center of the capital with some 100 youths taking part. The protest grew, however, and culminated with the participation of some 1,000 people in front of the National Palace—headquarters of the Presidency. Here is a report by Luckenson Jean:

[Begin recording, in Creole] [music from drums and other folk instruments in background] [Jean] Why are you demonstrating?

[Unidentified protester] We are demonstrating against the high cost of living. We cannot get food to eat and...

[Jean, interrupting] What do you want exactly?

[Protester] We want lower prices on everything.

[Jean] In fact, it was a Carnival-like atmosphere that brought hundreds of people into the streets Thursday morning, 23 March, at the Watch Over the Nation Committee's urging. The demonstration began in front of Our Lady of Perpetual Mercy in Bel-Air and ended in front of the National Palace in Champs de Mars.

The demonstrators, a great many of whom were dedicated artisans singing folk music, carried placards expressing demands that included: "Down with the high cost of living," "Haiti will not die," "We want a cultural revolution," "The government must answer the Haitian people's demands," and "We want justice and security for everyone's children who have been victimized by the zenglendos." These are the slogans we could read. One of the leaders of the demonstration, Mr. Theodore Beaubrun, Jr. [well-known musician and singer of the band Boukman Eksperyans], better known as Lolo, explains:

[Beaubrun] It is time for the government to take care of the people. It is time for... [pauses] They must serve the majority, not a minority. We are obliged to take to the streets, because I think, just as we are saying on the album that will be released—that is, the Boukman album that will be released—it is very important. People are not given freedom, they must seize it. We will call the album "Freedom for All." This is why we are in the streets: to seize freedom, to change this country, and to change this state—a state that has been unalterable since 1804. We are compelled to demonstrate. [passage omitted]

Well, this is still the same. The cost of living is high, and it is because the government has no authority. It is because profiteers are taking advantage of the moment, and the government cannot even say... [pauses] It cannot even ensure that the prices it sets are respected. Therefore, my position is that the problem lies in the structure; it lies at the very foundations. [passage omitted] [end recording]

Journalists Refuse To Cover Events at Palace

PA2403230295 Port-au-Prince Signal FM Radio in French 1130 GMT 24 Mar 95

[Report by Leontes Dorzilme, in Creole; from "The Waking Up Newscast"]

[FBIS Translated Excerpt] Several dozen journalists from various private media have decided to boycott all of the Aristide government's activities at the National Palace. This decision came after five journalists were manhandled on Wednesday, 22 March, at the National Palace, when the president's bodyguards hit them and seized their equipment. In a petition signed by some 30 Haitian journalists, the newsmen announced their decision to boycott all activities at the National Palace until the government meets three major conditions:

1. The government must return all equipment, in good working order, seized from a Haitian Television Network cameraman who was filming at the palace. This includes his camera and videotapes.
2. The proper authorities must adequately sanction the presidential security guards who manhandled journalists; and
3. Officials must publicly apologize to all of the journalists.

While awaiting the authorities' answer—the journalists' petition says—we, the journalists who have signed this petition, have decided not to cover any events at the National Palace. [passage omitted]

PAIN Leader Urges Aristide Not To Influence Elections

PA2403220695 Port-au-Prince Signal FM Radio in French 1130 GMT 23 Mar 95

[Passages within italics in Creole]

[FBIS Translated Text] Louis Dejoie II's party—the National Agricultural and Industrial Party, PAIN—is getting ready to list its candidates. Mr. Dejoie has finally broken his silence to announce PAIN's participation in the upcoming elections. In a public statement, Louis Dejoie II asked Haitian President Jean-Bertrand Aristide to refrain from exerting influence on the upcoming elections.

[Begin Dejoie recording] In terms of these elections being credible and fair, the burden rests on the shoulders of President Aristide, who must show the people that he is sincere in both his statements and his actions, that he is not going to influence the elections at the legislative level, and so on. As my father [Louis Dejoie, former senator and PAIN founder] said: Bad examples normally run from top to bottom [c'est par la tete que pourrit le poisson].

President Aristide has a chance to go down in history [word indistinct] everything he has already done by ensuring that the elections are free and honest and that his language toward the Haitian people is not a partisan language. *He must remain neutral. In the execution of his duties, the president of the Republic must cultivate civic education in society and show the people, if indeed these elections are not free, honest, and sincere, what trouble he has placed the country in.* [sentence as heard] [end recording]

Presidential Bill To Help Maintain Value of Investments

PA2503010295 Mexico City NOTIMEX in Spanish 2135 GMT 23 Mar 95

[FBIS Translated Text] Mexico City, 23 Mar (NOTIMEX)—The Chamber of Deputies today received a presidential bill proposing the creation of Investment Units (UDI's), which are designed to prevent a decline in purchasing power and the value of investments. The proposed bill, which President Ernesto Zedillo sent to the Chamber of Deputies and, in turn, was submitted to the Finance Commission, states that UDI's will be non-monetary account units [unidad de cuenta no monetaria] and will be used on a voluntary basis.

The document opens the way for designating investment instruments as UDI's, which, if approved, will reform and add provisions to the federation's Fiscal Code and Income Tax Law. According to the bill, UDI's will have a value in national currency, which will be determined by the Bank of Mexico and published daily in the GACETA OFICIAL. The document adds that the initial value will be one new peso per UDI, to be adjusted in proportion with variations in the National Consumer Price Index and based on price behavior, therefore, there will be a brief delay in determining their value.

In explaining the goals, the bill says the creation of UDI's "is a timely measure to achieve stability and economic recovery. It is a measure necessary to promote savings and establish mechanisms of calculation that permit the financial recovery of the productive sector and those parties indebted to the nation's banking system."

The bill says that, in times of inflation, there is uncertainty about the real profitability of financial investments, therefore, it is advisable to deposit money only when interest rates offer a real benefit and compensate for a loss of purchasing power.

The document stresses that the use of UDI's will be advantageous for both savers and debtors. Regarding savers, it says that capital investments in instruments designated as UDI's will maintain their real value at rates established in the instrument. Those receiving credit will repay their debts at lower interest rates in real terms as a result of the elimination of risk insurance. Meanwhile, the greatest advantage for debtors will be the elimination of advance payments.

At the same time, the bill stresses that these measures will ease the financial burden of enterprises, given that they will contribute to preserving the viability of enterprises and give them a broader margin in which to use funds for productive investments. The bill notes that giving financial instruments the status of UDI's will extend the maturity date of investments made by brokers, which in turn will enable them to grant long-term credits.

Zedillo: Government Bidding To Create 600,000 Jobs

PA2703021795 Mexico City NOTIMEX in Spanish 2259 GMT 26 Mar 95

[FBIS Translated Text] Saltillo, 26 Mar (NOTIMEX)—Mexican President Ernesto Zedillo today urged all representatives of Mexican society to participate in public forums that will serve as a basis for preparing the current government's National Development Plan through the year 2000.

We must all work with determination and responsibility in setting up an urgent national program—one in which "we leave behind what does not work and, together, formulate new policies that do not betray those values that make us a special people," he remarked.

Zedillo is on a working tour of the northern state of Coahuila. In that state's capital, Saltillo, he participated in the signing of a social development agreement for the state.

The president urged all Mexican citizens; all organizations representing peasants, workers, and civic groups; academic institutions; professional associations; and chambers of commerce and other business organizations to take part in this task. He also called on senators and deputies to participate, and, along with Congress, state legislators, nongovernmental civic groups, intellectuals, artists, and the entire population.

"I am also asking state and municipal governments to participate in this strategic task of planning national development within the framework of the Federal Pact," he explained.

President Zedillo reported he has instructed his cabinet to coordinate the organization of forums and other popular consultation activities. He also indicated that the summons for the forums will be disclosed beginning this week, adding that they will take place throughout the country.

In this same city, the president launched a Special Employment Program which is part of a nationwide program unveiled last week in the state of Durango. This program is designed to strengthen employment in 35 regions and 24 cities of the country, comprising more than one-fourth of the nation's territory with close to one-half of the rural population. He stressed that at the national level the government will attempt to create nearly 600,000 jobs to reduce the adverse effects of the crisis on those groups suffering from conditions of extreme poverty and indigence.

Moctezuma on Investor Confidence, Electoral Reform

PA2503191795 Mexico City Radio ACIR Network in Spanish 0000 GMT 25 Mar 95

[Report by Juan Carlos Escobedo, from the "Evening News Panorama" newscast]

[FBIS Translated Text] In political and economic matters, the necessary conditions are being generated in Mexico to reestablish investors' confidence, Government Secretary Esteban Moctezuma has said. He added that solutions to the problems of Chiapas and Tabasco are being worked out. The government secretary forgot about his custom today and granted an interview on two occasions. The first was at the close of a meeting held with businessmen at an economic forum. He told investors about the progress, which he termed important, in the country in political matters during the first 100 days of President Ernesto Zedillo's administration.

Regarding the conditions for productive investment, the government secretary said such conditions are being offered to solve the economic crisis, which then generate the necessary confidence for productive investment. Government Secretary Esteban Moctezuma said the government is acting with honesty and probity. It has left in the hands of the opposition PAN [National Action Party] for the first time in history the biggest accounting task in the Finance Secretariat: to exercise control over public spending.

Moztezuma stressed that in political matters the alternation of power, such as in the state of Jalisco, is something so natural that it is part of the daily life of the country. In general, he said, Mexico's electoral problem is evolving positively. Nonetheless, he noted the necessity of engaging in definitive electoral reforms so that there will be equality, transparency, and conditions that will eliminate post-electoral conflicts and so that all political sectors will accept the results.

Subsequently, at the Government Secretariat Office, he agreed to comment on the problem of Chiapas and Tabasco. Regarding Chiapas, he limited himself to saying that everything is going well, that there is a generous law that permits a political solution to the conflict and that this is the commitment of the government of the republic. He broached the topic of Tabasco. He said that the desirable thing is to reactivate the negotiations to solve the post- electoral conflict, but the important thing is the problem of [word indistinct].

One must recall that Porfirio Munoz Ledo, leader of the PRD [Party of the Democratic Revolution], went to the Government Secretariat a few days ago to request that he be heard and to ask for the release of Carlos Alberto Wilson, former PRD councilman. Esteban Moctezuma stressed on this occasion that the Government Secretariat has already taken care of this request.

[Begin Moctezuma recording, in progress] ...this could be a desirable objective. However, the main thing right now is to resolve the problem. This is something the Government Secretariat is willing to do within the means of its possibilities. We have sent a delegate of the secretariat to facilitate an agreement conducive to solving this problem, at the request of the PRD leadership. [end recording]

Secretary Lauds Emergency Program's Effect on U.S. Trade

PA2603013095 Mexico City NOTIMEX in Spanish 2348 GMT 25 Mar 95

[FBIS Translated Text] Guadalajara, 25 Mar (NOTIMEX)—Herminio Blanco Mendoza, secretary of commerce and industrial development, today said the economic adjustment program implemented by President Ernesto Zedillo's government to combat the crisis has been a success.

"One indication of the program's success is foreign trade," Blanco Mendoza told the 12th Retailers Convention sponsored by the National Association of Self-Service and Department Stores (ANTAD).

In January alone, Blanco said, exports to the United States increased 35 percent over 1994 levels to total $4.7 billion in sales, creating a trade surplus of $900 million. Blanco said the nation's leading exports included automobiles, which increased 77 percent; sweaters, which rose 150 percent; T-shirts, 143 percent; coffee, 100 percent; and vegetables, 57 percent. These increases, he stressed, clearly reflect the adjustment program's success, as well as the heightened competitiveness of Mexico's industrial and agricultural sectors at a time when we must increase exports.

Blanco noted that the Mexican Government's economic emergency program is based on two main pillars—a healthy fiscal policy and an austere monetary policy to stabilize the peso. At a ceremony headed by Jalisco State Governor Alberto Cardenas Jimenez, Blanco also noted that the program is designed to control inflation, reduce interest rates, and stimulate economic growth in the near future.

In a statement released to the press while he toured the exhibit, in which 486 ANTAD members set up displays covering more than 19,500 square meters, Blanco Mendoza noted that international financial institutions, particularly those in the United States, are interested in supporting Mexican exports. He added that this year exports to the United States are expected to increase more than 35 percent, given the fact that so far "the numbers in this sector are excellent."

Finance Secretary Touts Results of Adjustment Program

PA2503215795 Mexico City Radio ACIR Network in Spanish 0000 GMT 25 Mar 95

[Report by Alma Rosa Baez from the "Evening News Panorama" newscast]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz Martinez today attended a seminar entitled: The Economic Emergency and Its Effects on Society and Production. The forum was organized by Canacintra [National Association of Manufacturers].

At the forum, Ortiz said the adjustment program for the Agreement of Unity To Overcome the Economic Emergency [AUSEE] has reached a midway point, and, so far, it has yielded positive results in areas such as the payment of the foreign debt; a reduction in the amount of tesobonos [treasury bonds] in circulation; and the implementation of a new Nafin [National Finance Bank] rate.

[Begin Ortiz recording] We have reached a midway point along the path of the most difficult part of this adjustment program. We have lived through some very trying months. As we noted when the Action Plan to strengthen AUSEE was announced, the first 90 days will be difficult, but I believe the situation will be very different in the second half of 1995. Why? Because most of the adjustments in terms of debt payments will have concluded by that time, and more foreign resources will be readily available. We will have a very different situation. [end recording]

Ortiz told manufacturers that from January to March an additional $2 billion in net public foreign debt was paid off. This was made possible after the federal government bought back $13.5 billion in tesobonos from foreigners, in part using resources from abroad. Ortiz added that the fulfillment of Mexico's financial commitments with other nations has been orderly, thereby generating a current surplus of 5.743 billion new pesos between January and February. He told Canacintra members that, as of Friday, and as a prerequisite to the installation of the Investment Units, a Nafin rate has been determined, which will be set at 60 percent for April. This rate is much lower than the rates currently prevailing in the market, and it will benefit all Nafin debtors, thereby providing the government's answer to the problems faced by the productive sector.

After summarizing the financial actions taken by the government, Ortiz told businessmen that, as of the second half of 1995, the situation will begin to show some improvement, however, this does not imply that the government's efforts will diminish. Despite the good news disclosed by Ortiz, manufacturers are still demanding a true industrial development policy that bolsters confidence within the manufacturing sector.

In what has already become an unrelenting call to Commerce Secretary Herminio Blanco, Canacintra President Victor Manuel Terrones noted that the shock plan will be ineffective if there is no true industrial development policy. Within the context of this seminar, Terrones stressed it is about time that economic policies be unified to achieve parallel growth within the various parts of nation's productive sector. To this end, he announced that soon the private sector will propose short-term measures that do not harm public finances while helping companies combat the crisis.

Alfonso Reyes Medrano, financial adviser of the Confederation of Mexican Workers, also attended the seminar. Reyes said the economic crisis has started to worsen. He admitted that, despite all of the mechanisms and programs implemented by the government, they have been insufficient in helping all of the companies in the country. He noted that problems faced by most businesses have caused serious liquidity problems, which in turn have prevented the firms from fulfilling their commitments with both banks and the Social Security Institute. This situation could prompt banks to seize hundreds of businesses to ensure the repayment of loans. In light of this, he pointed out that a new economic adjustment program is imperative, because individual companies and, hence, the manufacturing sector, are running the risk of financial collapses.

This is what happened within the framework of this seminar. Some officials from the Secretariat of Commerce also were expected at the seminar, but they never arrived.

Ortiz Expects 'Complicated' Second Quarter Adjustment

PA2503191195 Mexico City XEW Television Network in Spanish 0430 GMT 25 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz said during an address to Mexican industrialists that Mexico is half way into the most complicated part of the economic adjustment. He admitted that the first quarter of 1995 has been very difficult.

[Begin Ortiz recording] The next 90 days will be complicated, but I believe that toward the second half of the year, our prospects will be quite different. This obviously does not mean that the economy will immediately begin to grow in the second half of the year, but I believe that we will be able to look forward to a 1996 with a public sector with little or no short-term debt. [end recording]

Attending a Canacintra [National Association of Manufacturers] seminar, Secretary Ortiz announced that in only three months Mexico managed to amortize over $15 billion of its foreign debt. He informed the country's industrialists that as of April there will be new mechanisms to reorganize the debts of companies that are funded by the National Financial Bank [Nafin].

[Begin Ortiz recording] With regard to Nafin support, at the institution's board meeting today, as a preliminary step to the establishment of the UDI's, Nafin established an interest rate of 60 percent for the month of April. This rate is obviously much lower than current market rates. [end recording]

The finance secretary said this is the authorities' answer to the market's current high interest rates.

Finance Secretary: States To Reorganize Debts

PA2603184895 Mexico City REFORMA in Spanish 24 Mar 95 p 21-A

[Report by Guadalupe Irizar, Martha Trejo, and Georgina Solis]

[FBIS Translated Text] After signing several agreements at the Government Secretariat, Finance and Public Credit Secretary Guillermo Ortiz said briefly when approached that the states' debts will be restructured.

Ortiz said that "the states... will restructure their debts."

Meanwhile, Alejandro Valenzuela, spokesman for the Action Plan To Strengthen the Agreement of Unity to Overcome the Economic Emergency, said that states facing financial problems should renegotiate their debts directly with commercial and development banks.

Valenzuela added that "an effort is being made, in the most timely manner possible, to enable the states to pay their short-term debts; like any other organization, they will have to sit down with their banks and restructure their debts."

NOTIMEX has reported that Mexican Association of Bankers President Jose Madariaga Lomeli announced that each state's problems will be examined and an effort will be made to establish payment mechanisms for each case.

National Banking Commission Vice President Javier Gavito pointed out that the states' problem is the same problem currently faced by all credit holders due to increased interest rates; therefore, the Investment Units plan may ease the burden on interest payments due to the inflationary component in the interest rate.

Meanwhile, the PAN [National Action Party] yesterday proposed a gradual change in the distribution of tax revenues so that at the end of the six-year period, the federal government will receive 40 percent of these revenues, the states will receive another 40 percent, and the municipalities will receive the remaining 20 percent.

The current distribution is 77 percent, 18 percent, and five percent, respectively.

At a news conference, national PAN leader Carlos Castillo Peraza demanded that the state reform outlined during the presidential campaign include a profound change consistent with the constitution's federalist spirit and that it not be reduced to the modification of laws and electoral institutions.

Castillo said that "the democratic exercise that should precede the preparation of a national development plan should include the state governments."

He also demanded the elimination of federal institution branches that duplicate the state administrations' duties.

Castillo said that "the federal government should only maintain those branches that handle matters that are 100 percent federal and assign to the state institutions—under strict accounting and quality control rules—the resources that were being issued to the branches."

Finance Secretariat Reports Spending Figures for 1994

PA2503044695 Mexico City LA JORNADA in Spanish 24 Mar 95 p 45

["Total Spending Grew by 3.5 percent in 1994"—LA JORNADA headline]

[FBIS Translated Text] Total spending in 1994, public as well as private, grew over that of 1993. According to the Finance Secretariat, total spending was the most important component of total demand; that is, 65.1 percent.

Compared to 1993, total spending in 1994 registered a 3.5 percent increase, 86.1 percent in the private sector and 13.9 percent in the government.

Meanwhile, the investment growth rate or net fixed capital reached 8.1 percent, the report stated.

Based on the origin of the goods, the national component of investment increased by 4.6 percent and the imported component by 20.6 percent.

According to those indexes, the composition of net fixed investment last year was as follows: The national component of investment represented 75.5 percent and the imported component the remaining 24.5 percent.

Exports of goods and services registered an annual growth rate of 7.3 percent at constant prices. Goods represented 68.2 percent, manufacturing services 12.1 percent, other services 19.3 percent, and exports of nonmonetary silver and gold 0.4 percent.

The import of goods and services, in constant prices, grew by 12.9 percent in 1994; that is, 16 percent of the total supply of goods and services.

Major Financial Restructuring Plan Detailed

PA2403174595 Mexico City EL FINANCIERO in Spanish 23 Mar 95 p 4

[Report by Rogelio Varela and Claudia Luna Palencia]

[FBIS Translated Text] As of next month, commercial banks will begin restructuring 95 billion new pesos in credits with companies and private individuals, which is viewed by experts as the most important financial operation in the history of Mexico's financial system..

Additionally, the credit institutions will reschedule $5 billion worth of foreign currency credits for companies.

The plan called the National Production Support Program [Programa de Apoyo a la Planta Productiva Nacional] will include six trust companies, and its purpose will be to save the productive sector from a general moratorium by rescheduling credits for five to 12 years, with a seven-year grace period for payment to capital.

The plan is currrently being fine-tuned by the Finance Secretariat, Bank of Mexico, and Mexican Association of

Bankers [ABM], and it was sent in advance to EL FINANCIERO SATELLITE NEWS SERVICE (FINSAT).

It should be pointed out that this plan does not include assets generated by credit cards; they will be added to the resources the commercial banks will receive through the Fobaproa [Savings Protection Banking Fund] and the Procapte [Temporary Capitalization Program].

The sources that were consulted, who asked not to be named, added that this large-scale credit restructuring operation will implement the lessons learned by the banks and authorities from the Ficorca [Trust Fund for Coverage of Exchange Risks] during the 1982 debt crisis.

The program will go into effect once congress authorizes the initiative to create Investment Units (UDI's).

Our sources explained that "a very large portion of the banks' assets will go to the trust funds that will be created with this restructuring, and if the affected assets are lost, the banks would have 12 years to absorb the losses."

As for restructuring in the local currency, the program will channel 65 billion new pesos of support to company operations and 30 billion new pesos to mortgage credits.

With regard to credits in U.S. dollars, there will be $5 billion worth of support, and at the companies' convenience, their loans will be converted into the national currency to eliminate exchange risks for those companies that may need it.

It was explained that the program contemplates the creation of six trust funds, which will be applied according to the credit holders' needs:

A. Twelve years with a seven-year grace period.

B. Ten years with a four-year grace period.

C. Eight years with a two-year grace period.

D. Ten years without a grace period.

E. Seven years without a grace period.

F. Five years without a grace period.

Program for Companies

The plan is for 65 billion new pesos; in other words, 9 percent of the commercial banks' assets (704,847 billion new pesos) will be rescheduled for five to 12 years, with a seven-year grace period for payment to capital.

The interest rate applied would be the UDIs plus the margin of intermediation, and the banks will be responsible for collection and payment risks.

The plan's mechanics will consist of identifying the credits of preferably medium-sized and small companies with viable businesses, which would be affected through the six trust funds mentioned earlier.

The trusts will fund the rescheduled assets by issuing liabilities in five to 12-year terms with seven-year grace periods, at an interest rate of UDI's plus four percent.

The federal government would be willing to purchase those liabilities with resources that the very banks would provide by investing in government securities with five to 12-year terms and Cetes [Treasury Certificates] interest rates in 28 and 91 capitalizable days [dias capitalizables].

The affected credits would have an initial reserve of 15 percent, which would be taken from existing bank reserves.

Our sources said that the plan contemplates the possibility of the companies making prepayments at no cost, and those resources would be used to increase the reserves.

Each bank would charge its credit-holders a monthly or quarterly commission to administer these trust funds, thereby recovering their administrative and collection expenses.

Our informer said that of the program's 65 billion new pesos, Banamex [National Bank of Mexico] would have 15.974 billion; Bancomer [Bank of Commerce], 12.792 billion; Serfin, 6.621 billion; Banco Mexicano, 3.539 billion; Inverlat [expansion unknown], 3.474 billion; Bital, 3.086 billion; and Atlantico, 2.483 billion.

Meanwhile, Banpais will have 1.862 billion; Union, 1.819 billion; and Bancrecer, 1.581 billion.

Plan for Mortgage Credits

Support for these reschedulings will amount to 30 billion new pesos, and they will be distributed among a little over 90,000 homes.

The credits will be rescheduled in 15, 20, and 25-year terms with a funding rate of UDI's plus a real 2 percent, and a maximum active interest rate plus a real 6 percent. For these loans the initial reserve will be 10 percent and the cumulative or deduction for tax purposes would be established at the end of the term.

Our sources explained that only banks with capitalization indexes of 8 percent by the end of March 1995 will be able to participate in this plan.

In this plan, in the event that the rescheduled mortgage assets are lost, the banks would have up to 25 years to absorb the losses. According to a preliminary statement, under this plan, Banamex would have 27 percent of the funds; Bacomer, 36.5 percent; and Serfin, 10.8 percent.

For loans in foreign currency, support would amount to $5 billion, and 20.2 percent would be channeled through Bancomer; 17.1 percent through Banamex; and 13.2 percent through Serfin.

Credits will be converted into UDI's rescheduled for five to 12 years and affected by the trust funds mentioned earlier.

The trusts would provide funds for assets by issuing liabilities in UDI's plus 4 percent, and the federal government would purchase those liabilities with resources that the very banks would provide by investing in Tesobonos [Treasury Bonds] in five to 12-year terms.

Our sources explained that the commercial banks will make an effort to renew their liabilities in foreign currency, but if they fail, the Fobaproa will provide them with resources.

Government Announces Renegotiation of Short-Term Credit

PA2403154995 Mexico City EL FINANCIERO in Spanish 23 Mar 95 p 10

[FBIS Translated Text] The Finance and Public Credit Secretariat (SHCP) has announced that the Mexican Government has begun to renegotiate with international commercial banks the short-term credit for $3 billion dollars, which was contemplated as part of the $18 billion international aid package designed at the beginning of the year.

In a brief communique issued last night, the SHCP noted that a substantial modification of the aid package has obtained $48 billion in resources, mostly in the mid- and long-term, excluding commercial bank credits.

The commercial bank credit, which would be disbursed after the official resources were used up and which would have to be liquidated before 31 December of this year, did not contribute significantly to refinance the short-term liabilities of the public sector.

The SHCP, which is headed by Guillermo Ortiz, explained that for this reason it has initiated negotiations to modify this credit and to obtain mid-term resources designed to support the refinancing of short-term liabilities in foreign exchange denominations of the banking system.

According to reports by EL FINANCIERO, the cutback in the $3-billion credit comes just when a rumor is circulating in Washington among influential groups of investors and men with money that the Action Plan To Strengthen the Agreement of Unity To Overcome the Economic Emergency is not convincing enough in some of its macroeconomic predictions.

It should be stressed that this official report came on the heels of a meeting of national and foreign businessmen organized by the Telemundo newscast. Several state secretaries from Ernesto Zedillo's cabinet were present.

The meeting was held behind closed doors in the Industrialists Club. Guillermo Ortiz explained the commitments the Mexican Government has to holders of Treasury Bonds (Tesobonos) and about which no official information has been given.

This meeting will continue at the same site on Thursday and will also be held behind closed doors. The meeting will be attended by Miguel Mancera Aguayo, governor of Banco de Mexico, and Carlos Roja, secretary of Sedeso [Social Development Secretariat], among others.

Government Restructuring Debt To Avert Liquidity Problems

PA2503033895 Mexico City NOTIMEX in Spanish 1252 GMT 24 Mar 95

[FBIS Translated Text] Mexico City, 24 Mar (NOTIMEX)—The Mexican Government is renegotiating its short-term debts with international financial institutions to convert them into medium- and long-term obligations to avert a lack of liquidity in December.

Alejandro Valenzuela, official spokesman for the Action Plan To Strengthen the Agreement of Unity To Overcome the Economic Emergency, has reported that the last $10 billion installment of the $17.8 billion approved by the IMF for Mexico will start arriving in the country in April. Valenzuela explained that the government's reason for not immediately disbursing the $3 billion offered by international banks—a debt that would come due in December—is that the government wants to refinance this money on a longer-term basis to help resolve potential problems with liquidity.

At a news conference at the National Palace Auditorium, Valenzuela detailed the progress of the federal government's new package of economic measures. He said President Ernesto Zedillo is considering the legislature's proposal to eliminate the Comptroller General, Agrarian Reform, Tourism, and Energy Secretariats.

He added: "This is a delicate matter. Each case must be studied separately to determine exactly where redundancy exists and where it is best not to touch a particular institution. We need to do this to ensure that this proposal is implemented effectively while avoiding short-sighted decisions."

Questioned about the debts of various states with private banks, he said higher interest rates have caused liquidity problems in a number of states. He added, "It is important for each state to sit down with its creditors—in other words, with commercial and development banks—to refinance their debts and seek formulas that enable the states to cope with their lack of liquidity."

Referring to the U.S. dollar's strength on Mexico's foreign exchange markets—the dollar continues to remain above the seven- peso level—Valenzuela said: "Aggressive speculation against the peso has diminished." Greater stability has been observed in the exchange market within the past few days, because volume has been very small, between $50 million and $100 million. "As confidence is restored, and as we observe the results of the program, the value of the peso, which is very low right now, will begin to increase," he said.

Economic Plan Spokesman on Stabilization of Exchange Rate

PA2503014795 Mexico City XEW Television Network in Spanish 0430 GMT 24 Mar 95

[Report by Rita Ganem from the "24 Hours" newscast]

[FBIS Translated Text] Alejandro Valenzuela, official spokesman of the economic adjustment plan, has said that speculative attacks on the peso have decreased and that the stabilization of the exchange rate is expected within some time:

[Begin Valenzuela recording, in progress] ...to the degree that confidence and certainty are restored, and depending on how we see the results attained by this [words indistinct] plan, we will be able to see the value of the peso rise. The peso is undoubtedly undervalued nowadays, and I challenge anyone to find a parameter. [end recording]

In his second weekly news conference, Valenzuela summed up the progress achieved and the actions carried out within the economic emergency plan, and he reported on the status of the Tesobonos [Treasury Bonds]:

[Begin Valenzuela recording] There are $16.593 billion worth of Tesobonos still in circulation today, so we have already amortized $12.585 billion from the amount registered in December 1994. [end recording]

Javier Gavito, vice president of the National Securities Commission, also participated in the news conference.

Banking Official Outlines Capitalization Program

PA2503205395 Mexico City REFORMA in Spanish 24 Mar 95 p 1-A

[Report by Martha Trejo]

[FBIS Translated Text] Javier Gavito, vice president of the National Banking Commission, has stated that an announcement will be made next week, giving the names of the banks that will participate in the Temporary Capitalization Program (Procapte) and the sum of their obligations to recover a 9-percent capitalization level.

He warned that banks that enter this program are not necessarily mismanaged; they only have problems like the ones that prevail in the country due to the crisis.

"We must distinguish between banks that participate in Procapte and banks that are in Fobaproa [Savings Protection Banking Fund]. These are two different programs," he added in a news conference.

Gavito said: Procapte will not need an actual cash flow because the Bank of Mexico (Banxico) will grant the money to Fobaproa—which shall manage Procapte.

Procapte will grant resources to banks that join the program and issue convertible bonds; and, in turn, the banks must deposit their resources in Banxico.

"There is no cash flow; no funding is necessary in terms of cash, yet the funds are there, in Banxico, in case they are needed," he said.

He warned: If a bank faces problems due to mismanagement, while within Procapte it will be transferred to Fobaproa.

Procapte is a voluntary program for banks with a capitalization level below the 8-percent mark in February. These banks have the opportunity to capitalize themselves by issuing some kind of instrument, however, if they cannot issue those instruments they can request admission to Procapte.

Alejandro Valenzuela, spokesman of the government's economic adjustment plan, said the plan to support commercial banks will imply a subsidy of rates that are very difficult to specify.

He said: The government will lend a trust fund at a UDI [Investment Units] rate plus an actual 4 percent rate.

To attain funds, the government will lend the banks Bondes [Federal Government Development Bonds] or financial instruments that will be denominated at a nominal rate, but they will implicitly carry an actual rate and the difference will be the cost that will be implemented.

He said: "An idea is being considered—to have profits at the end of the year and to credit these profits to any subsidy given by the government. Thus, the subsidy will be minimized and, at a given moment, certain benefits will be derived. This will have positive effects among commercial banks."

Peso To Continue Floating 'At Least 90 More Days'

PA2503041195 Mexico City EL FINANCIERO in Spanish 24 Mar 95 p 4

[Report by Gerardo Flores]

[FBIS Translated Excerpt] The Bank of Mexico [Banxico] and the Finance and Public Credit Secretariat have confirmed that the Mexican peso will continue to float for at least 90 more days. They added, however, "the number of speculative attacks against our currency has reduced recently."

Banxico Deputy Governor Francisco Gil Diaz confirmed, "The flotation system will remain in place as it is today." Meanwhile, Alejandro Valenzuela, spokesman for the Action Plan To Strengthen the Agreement of

Unity To Overcome the Economic Emergency (PARAUSEE), said, "Trading volume on the exchange markets has been quite small."

At a news conference at the National Palace, Valenzuela confirmed that daily exchange market transactions were running between $50 million and $100 million, which rules out the possibility of renewed speculation charges against the peso. [passage omitted]

Valenzuela also confirmed the arrival of $10 billion from the IMF in April, and he called on the people to dismiss reports based on speculation and "gossip graphs."

He also quoted the current balance of outstanding tesobonos [treasury bonds] at $16.593 billion, noting that $12.585 billion of the amount issued in December 1994 has already been repaid.

Valenzuela also explained the benefits of the new Inter-Bank Equilibrium Interest Rate (TIEE) as a more current indicator of the prevailing credit market situation. He also said the new interest rate indicator was formally established yesterday at 90.5 percent.

Banxico Reports $7.854 Billion in International Reserves

PA2503021195 Mexico City NOTIMEX in Spanish 0501 GMT 24 Mar 95

[FBIS Translated Text] Mexico City, 23 Mar (NOTIMEX)—The Bank of Mexico [Banxico] reported today Mexico's international reserves as of 17 March totaled $7.854 billion, a $1.706 billion increase compared to 31 December 1994.

A Banxico report on the country's accounts states these international reserves include $9.945 billion in resources obtained from external finances.

These resources, granted by foreign governments and institutions, "have been partially used to pay special amortizations of Tesobonos [Treasury Bonds] (bonds payable in dollars) and commercial banks' external liabilities," the text stated.

The report added: On 14 March, the government used $3 billion of the $20 billion granted to Mexico by the U.S. Exchange Stabilization Fund.

The bank stated the government deposited $1 billion in Banxico, a measure which increased both the bank's assets and its foreign currency liabilities.

The other $2 billion were used to amortize Banxico's liabilities with foreign organizations, totaling $1.118 billion, including Tesobonos owned by residents abroad and bank liabilities in foreign currency.

The central bank stated the monetary base (circulating bills and coins) as of 17 March totaled 49.658 billion pesos, a drop of 7.277 billion pesos compared to the end of December 1994.

Interest Rate Indicator Set for Bank Operations

PA2503023795 Mexico City REFORMA in Spanish 23 Mar 95 p 1A

[Report by Roberto Vasquez]

[FBIS Translated Text] Financial authorities yesterday revamped the concept of interest rates and implemented a new reference rate called the TIIE (Inter-Bank Equilibrium Interest Rate [Tasa de Interes Interbancaria de Equilibrio]). Meanwhile, the existing Inter-Bank Average Interest Rate (TIIP) declined 18.66 points to 91 percent.

The new financial indicator will serve as a point of reference for debt-related [pasivas] banking operations, thereby replacing the TIIP. The TIIP reflects the cost of money banks lend one another, while the TIIE will be determined by calculating the balance between supply and demand for funds available for loans.

The new reference rate was set Wednesday at 90.5 percent.

Although the TIIP will be replaced, it will continue to be used for six years to cover the requirements of contracts which at the time only considered the TIIP to calculate payments.

The two rates will be published by Banxico [Bank of Mexico] in the federation's GACETA OFICIAL on the first working day after the rates are fixed. Because the TIIP eventually will not be used in credit institution operations, its publication will be effective until 31 December 2001, unless Banxico considers it necessary to continue its publication after that date.

Yesterday's decline in the TIIP was the sharpest drop ever since its creation on 22 January 1993. Just one week ago, the leading reference rate indicator registered an unprecedented shift upward. It rose more than 35 points to 109.716 percent. Before that rise, the TIIP was at a level of 74.65 percent.

Meanwhile, 14-day Cetes [Treasury Certificates] yesterday dropped 11.51 points to 80.99 percent; 28-day Cetes increased 0.27 points to 82.65 percent; while 91-day Cetes dropped 2.24 points to 82.76 percent.

Banks Preparing To Meet 8 Percent Capitalization Level

PA2603211795 Mexico City EL FINANCIERO in Spanish 24 Mar 95 p 5

[Report by Georgina Howard]

[FBIS Translated Text] The National Banking Commission (CNB) has confirmed that only four credit institutions—Banamex [National Bank of Mexico], Bancrecer, Banoro, Banorte—will reach the 8 percent capitalization level without having to turn to Procapte [Temporary Capitalization Program], while Union, Cremi, Banco

Obrero, and Banpais "will continue relying" on the Savings Protection Banking Fund (Fobaproa).

CNB President Eduardo Fernandez, who met Wednesday with representatives of various banks, clarified once more that Procapte will exist "temporarily" and that Fobaproa will only act when banks experience "insurmountable" problems.

According to executives who participated in the closed-door meeting, Fernandez warned, "there will be no extensions for the bank capitalization," adding that all institutions, without exception, will have to meet "a minimum" of 8 percent before 31 March.

The need to expedite the Credit Restructuring Program by implementing Investment Units also was discussed at the meeting. Bankers have estimated that the overdue portfolio registered a monthly increase of more than 10 percent from January to February in each of the institutions.

It also was announced that Fobaproa will assign, along with more than $2 billion offered by the World Bank, enough resources to help institutions pay off foreign-held debt notes with "imminent" maturity dates to prevent defaults.

According to the sources, at the CNB meeting Fernandez urged all representatives to define, once and for all, the plans they will implement to boost capital in light of the fact that they only have one week left to reach this goal.

It also was learned at the meeting that Banamex, headed by Roberto Hernandez and Alfredo Harp, as well as Banorte and Bancrecer-Banoro, headed by Roberto Alcantara, will not turn to Procapte.

Bancomer, headed by Eugenio Garza, and Atlantico, headed by Alonso de Garay, decided to issue collateral obligations [obligaciones subordinadas], while Mercantil-Probursa, headed by Jose Madariaga Lomelin, and Banco Bital, headed by Antonio del Valle, agreed to increase the foreign capital of their partners—Bilbao Vizcaya and BCH—by 51 percent.

The status of Inverlat, headed by Agustin legorreta Chauvet, is still up in the air. Although it is supported by the Nova Scotia Bank as a minority shareholder, this institution is no position to cover the shortage of capital. Therefore, members of its Board of Directors are trying to decide whether they should join Procapte or issue collateral obligations.

Meanwhile, Banco Mexicano, which is part of the Invermexico Financial Group headed by Carlos Gomez y Gomez, has not made a final decision on whether it will issue additional debts or join Procapte.

Institutions that undoubtedly will join the program and have already confirmed this decision to the CNB are Banco del Centro; Banca Serfin, which is headed by Adrian Sada; Banorie; and Promex.

In principle, the banks that will definitely continue under Fobaproa will be Banca Cremi, Union, Banpais, and Banco Obrero.

It also was made clear at the meeting that many new credit institutions "have the obligation" to maintain an 8 percent capitalization level or chose one of the options established by the Bank of Mexico [Banxico]. Next week, Banxico will define which banks must join Procapte.

So far, 19 credit institutions are participating in the program. They included:

Banco Inbursa, headed by Carlos Slim; Interacciones, headed by Carlos Hank Rohn; Promotor del Norte, headed by Manuel Diaz-Rivero; Del Sureste, headed by Eduardo Creel; Interestatal, headed by Jose Gaspar Espinosa; Mifel, headed by by Ari Becker; Industrial, headed by Juan Arturo Covarrubias; Capital, headed by Jaime Weiss; and Banco Invex, headed by Joaquin Munoz Izquierdo.

The list also includes Banco Regional de Monterrey, headed by Jaime Rivera Snatos; Fimsa, headed by Luis Creel Carrera; Alianza, headed by Sergio Arguelles; Banco del Bajio, headed by Felipe Pablo Martinez Trevino; Quadrum, headed by Ernesto Warnholtz; Afirme, headed by Pablo Chapa Villarreal; Atoyac, headed by Jose Abed Rauanett; Banci, headed by Jose Antonio Echegaray; Sofimex, headed by Jorge Rodriguez, and Banco Anahuac, headed by Jorge Hurtado Horcasitas.

Mexican bank executives individually agreed that, despite the programs announced by the authorities to "lessen" the effects of the crisis and to capitalize the institutions "to prevent a bankruptcy in the system," Mexican banks are still facing great risks. They admitted that the situation of Mexican banks could worsen because interest rates will continue to rise for six more months.

Foreign Investment Discussed at Businessmen's Forum

PA2503172695 Mexico City XEW Television Network in Spanish 0430 GMT 24 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The second day of work continued on Thursday in the international businessmen's meeting called Roundtable With the Mexican Government, sponsored by the British magazine THE ECONOMIST in Mexico City.

The private forum, which includes the participation of foreign and Mexican businessmen to analyze the Mexican economy's outlook and opportunities for business and investment, was attended by Foreign Secretary Jose Angel Gurria. When interviewed, he said investors gathered there have clearly identified the opportunities that exist in Mexico.

[Begin Gurria recording] Many of them are in Mexico and they intend to stay or expand their operations to Mexico; and some of them are exploring the possibility of coming here. They have decided to invest in our country because they think the time is right. [end recording]

He said the time is right for foreign capital to come to Mexico because a new administration has begun and investors may now make mid-term plans.

Francisco Gil Diaz, deputy governor of the Bank of Mexico, also addressed the businessmen. Upon conclusion of his address he said that businessmen who participate in the forum expect what is already taking place in Mexico, meaning the implementation of policies to stabilize the economy.

[Begin Gil recording] We will continue to let the peso float and adopt measures to improve the exchange rate. [end recording]

National PAN [National Action Party] President Carlos Castillo Peraza and national PRD [Party of the Democratic Revolution] President Porfirio Munoz Ledo arrived at the Industrialists' Club this afternoon. Castillo Peraza left one hour and 15 minutes later but refused to give statements. Porfirio Munoz Ledo left 10 minutes later. Contrary to the other participants, he said foreigners have no confidence to invest in Mexico.

[Begin Munoz recording] They cannot feel confidence if there is chaos, a ghastly economic policy, and an increasing instability in the country. Of course there is no confidence. [end recording]

Canadian Ambassador to Mexico David Winfield met with the forum's participants for more than one and one half hours. He talked to the media and said that economic problems can be solved if the Mexicans have confidence in the programs now being implemented. Canadian investors have not lost their confidence in Mexico for the time being, he asserted.

[Begin Winfield recording] Every week we receive Canadian businessmen who are seeking new partners, new opportunities to invest in the country—or to expand their operations in Mexico. [end recording]

He said Canadians are not afraid of a floating exchange rate because this is a common thing for them. The ambassador asserted that, as far as Canada is concerned, Mexico's crisis does not affect the Free Trade Agreement at all.

The program of activities for the Roundtable With the Mexican Government included the participation of Social Development Secretary Carlos Rojas, who failed to attend. The media was unable to contact Fisheries Secretary Julia Carabias either.

THE ECONOMIST's forum will continue tomorrow, when participants will be received by President Ernesto Zedillo. Before that, they will listen to expositions by Commerce Secretary Herminio Blanco, Government Secretary Esteban Moctezuma, Communications Secretary Carlos Ruiz Sacristan, and Pemex [Mexican Petroleum] Director General Adrian Lajous.

Protests Against Economic Policy Reported in 8 Cities

PA2503162095 Mexico City LA JORNADA in Spanish 24 Mar 94 p 14

[Report by Alberto Espinosa, Topiltzin Ochoa, Angel Amador, Jorge Torres, Rodrigo Ibarra, and Victor Guerra]

[FBIS Translated Text] Businessmen, housewives, and various organized social groups once again staged demonstrations in the streets of several Mexican states to reject the economic measures imposed by the current government; in some cases they demanded an explanation from the PRI [Institutional Revolutionary Party] legislators who approved the increase of the value added tax (VAT).

The PRI's state leadership in Queretaro will demand that federal senators and deputies explain to the citizens why they supported the 50-percent increase of the VAT, since it constituted "a very harsh blow to the Mexican people's finances."

Local PRI leader Marco Antonio Leon Hernandez said that the PRI in Queretaro joins in the people's irritation, adding that the PRI representatives "should have legislated differently."

In Zacatecas, approximately 2,000 people marched to reject the Ernesto Zedillo administratino's economic policy and to demand a 50-percent salary increase.

The demonstrators also demanded the Mexican Army's withdrawal from the conflict zones in Chiapas.

Among the demonstrators were union members from universities, from El Barzon, the Civic Alliance, dissident teachers union members, members of the Zacatecas Democratic Front [Frente Democratico Zacatecano] and the Zacatecas Peoples Struggle Front [Frente Popular de Lucha de Zacatecas], who stopped in front of the government palace where Planning and Finance Secretary Raul Rodriguez Marquez [title and name as published] was informing Governor Arturo Romo Gutierrez of increasingly austere measures.

In the capital of Colima, approximately 500 businessmen, housewives, students, and members of the PRI, PAN [National Action Party], PRD [Party of the Democratic Revolution], and PRT [Revolutionary Workers Party] took to the streets to protest the government's economic measures and they symbolically closed the offices of Senator Jesus Orozco Alfaro and Deputy Ignacio Castillo, whom they accused of treason against the fatherland.

Meanwhile, Colima Governor Carlos de la Madrid announced that the state administration is virtually paralyzed because higher interest rates have quadrupled the public debt with commercial banks.

In Nuevo Laredo, Tamaulipas, the private sector expressed support for the nationwide demonstrations against the increased VAT, and the city's Committee for Industrial Development is preparing to file an amparo against the measure's implementation, according to committee manager Eleazar Ixba Gonzalez.

Women Demonstrate

Meanwhile, approximately 300 mostly female PRD members occupied the Commerce Secretariat's offices in Torreon, Coahuila, and demonstrated against the economic measures by beating pots and pans and burning a "coffin" that symbolized "President Zedillo's economic cabinet."

Elsewhere, approximately 200 well-to-do housewives staged a sitdown strike in front of the town council in Torreon and blocked the streets adjacent to the building to protest against the fiscal measures and the economic plan.

In Chihuahua approximately 100 female bank customers also marched with pots and pans and shouted: "the VAT it taking families' food away."

When they arrived at the state's congressional headquarters they attended the session where the report on the economic package approved a few days ago by the Congress of the Union would be debated.

Various social and government sectors in the state also published the Manifesto of Chihuahuan Unity, in which they insist that the federation declare Chihuahua a "disaster area," partly because of the negative effects of three years of drought.

In Mazatlan, Sinaloa, members of the Union of Low Income Neighborhoods [Union de Colonias Populares] announced a series of demonstrations against the econmic measures, which in 1995 will reduce by half the already scarce number of projects carried out in 1994 to provide services to the most neglected sectors.

Industrial Sector Expected To Contract 7 Percent

PA2503044795 Mexico City LA JORNADA in Spanish 23 Mar 95 p 44

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] Fernando Cortina Legarreta, the president of the Confederation of Industrial Associations (Concamin), has asserted that the nation's industrial sector today is confronting a full recession, comparing the current situation to 30 years ago, when economic policies were imposed that prevented the sector from generating wealth or jobs for the Mexican people. He said the problems faced by factories have worsened with the events of 1994, adding that the industrial sector will undergo a 7 percent contraction this year as it confronts a "definitely grim" situation.

In an interview with LA JORNADA, the Concamin leader noted that although Mexico entered a globalized world economy in 1985, the authorities did not understand the corresponding fundamental changes and continued to apply the same basic rules. He added that this is why today the industrial sector is thoroughly deteriorated.

"They could have implemented measures to make it stronger but, unfortunately, they did not.... They attended to other priorities and kept on the back burner the design of an industrial policy that would conform to the country's needs," Cortina Legarreta noted.

He asserted that, in addition to this situation, the industrial sector has to contend with a decline in available capital, a weak financial sector that features very little domestic savings, very high interest rates, a high level of unemployment, and low wages.

During the interview, Cortina Legarreta, who will step down from the presidency of Concamin on Monday, 27 March, maintained that the country radically changed when Mexico entered GATT and opened its borders, but the industrial sector was unable to respond to such harsh competition, particularly because it received no support to push ahead with its most urgently needed reforms.

"There were rules, but they applied to a closed economy and not to the situation that prevailed following this process. Now, we have even fewer rules for the type of country we have today, which is totally different from the one that existed two years ago," he stated.

Cortina Legarreta said: "Right now, we are not asking for anything more than what has been given to the companies in the countries with which we trade. We do not expect paternalistic policies or a government that does everything for us. Nevertheless, we are demanding that the government, together with industrialists, design a policy that agrees with the needs of Mexican industry. The policy must have commitments for everyone, and all of us must maintain these commitments effectively."

It is urgent, he added, that the authorities make these structural changes, because "we continue to have policies that date back 30 or 40 years. They are blocking the road to development and prevent us from working."

Today, the only thing "we have received from the authorities is a shock program. It is not a long-term economic program." With the recently announced package of measures, Cortina Legarreta added, "many companies will be left on the sidelines from now until the end of the first half of the year. They will not be able to stand their ground. They do not have the necessary flexibility to change or to counter the adverse situation we are enduring."

Referring to the projected 7 percent reduction in industrial output this year, the Concamin official said the construction and manufacturing sectors will be hardest hit, and, within the manufacturing sector per se, machinery and equipment, as well as the chemical industry, will suffer the most.

Industrial Sector To Shed 250,000 Jobs in 1995

Victor Manuel Terrones, the president of the National Association of Manufacturers (Canacintra), contended that the industrial sector will shed 200,000-250,000 jobs this year because of the difficulties it is facing.

This, he said, will force us to look for financial alternatives to rescue the nation's industry, because the recession that will continue throughout the year will cause severe damage.

The country, Terrones Lopez asserted, "is in the middle of a very vicious and complicated crisis. We have an economy that has taken a severe beating. Moreover, in no way can we assert that there is a chance that these problems will disappear. That would be a fantasy."

Drug Trafficking Charges Filed Against Ruiz Massieu

PA2503235295 Paris AFP in Spanish 2129 GMT 25 Mar 95

[FBIS Translated Excerpt] Mexico City, 25 Mar (AFP)—The Mexican Attorney General's Office (PGR) has filed new charges against former Mexican Government official Mario Ruiz Massieu, who is currently being held in the United States. According to statements made today by PGR sources to AFP, the new charges, which include counts related to "drug trafficking, bribery, and illegal enrichment," have been filed to secure Ruiz Massieu's extradition.

The sources disclosed that the Mexican Foreign Secretariat requested that these charges be added to previously filed charges (crimes against the administration of justice and concealment). They noted that Ruiz Massieu could also be charged with "wrongdoing in exercising his official functions and issuing false statements."

Mario Ruiz Massieu, a former deputy attorney general—he also is the brother of Jose Francisco Ruiz Massieu, former secretary general of the ruling Institutional Revolutionary Party, who was murdered in September 1994—was arrested inthe United States on 3 March just as he was about to travel to Spain. [passage omitted]

On Friday, Mexican Foreign Secretary Jose Angel Gurria told the press he is confident the United States will accept the extradition request, "because all legal procedures are being followed," and because there is now "conclusive evidence" to charge Ruiz Massieu with drug trafficking. Last week Ruiz Massieu was transferred to a maximum security prison in New York. [passage omitted]

Meanwhile, LA JORNADA reported today that there could be complications in Ruiz Massieu's extradition if his defense team manages to have him tried in the United States on "less serious" charges. Citing "government sources," LA JORNADA said, "the defense is reportedly negotiating the possibility of making Ruiz Massieu an informant for U.S. investigation agencies, such as the FBI and the DEA, in exchange for his extradition."

PJF Director's Guard Chief Remanded for Trial

95WB0027A Mexico City PROCESO No 956 in Spanish 27 Feb 95 pp 41-42

[Article by Agustin Ambriz]

[FBIS Translated Text] After two months of official silence, the Attorney General's Office announced on Friday, 24 February, that it had remanded Commander Jesus Alberto Castillo de la Riva for his presumed guilt in the attack committed against the Federal Judicial Police [PJF] director, Juan Pablo de Tavira.

The remand was executed in the Eighth District Court of Criminal Proceedings, established in the Eastern Prison. It was based on the provisions of Article 292 of the Penal Code, whereby the coordinator of De Tavira's personal guard force could receive a prison sentence of eight to 10 years.

According to that legal ruling, this type of penalty is deserved by anyone who "inflicts an injury resulting in a certainly or probably incurable illness": a clinical condition similar to that diagnosed for the PJF director since his hospitalization on 24 December 1994.

In the Eighth District Court, public prosecutor Efren Garcia received the remand, at which time the 72-hour period granted to the official by law to decide whether to issue an arrest warrant and the writ for formal imprisonment began to elapse. That interval is due to end this Monday.

It was learned that, if found guilty, Castillo de la Riva also would be judged with the aggravating circumstances of breach of trust or treason: charges that would increase his penalty.

Weighing against Castillo de la Rosa are the statements made by Mr. Cesar Puebla and members of the PJF director's personal guard force, who indicated the "passive" attitude with which the accused commander had acted at the time that De Tavira required urgent treatment.

In an interview with this weekly publication, the commander, responding to the suspicions of his participation in the attack, argued: "I am not a medical expert. I always thought that the chief was extremely exhausted; I always thought that."

He later claimed that what happened to his chief was not an attack, but rather an accident. He noted that it might have been the fault of Mr. Cesar Puebla, De Tavira's neighbor, who was in charge of maintenance on the latter's residence at km 39.5 of the Mexico City-Toluca highway.

Replying to these assertions, Cesar Puebla insisted that, whether it was an attack or an accident, Castillo de la Riva was equally liable.

He emphasized: "I do not know whether it was an accident or an attack, but in any case Commander Castillo bears the responsibility. If he was attacked, Castillo participated; if it was an accident, he acted negligently."

Until last week, the judicial authorities were unable to determine the origin of the "poison gas" to which the medical diagnoses attribute De Tavira's poor condition.

Arellano Felix Gunman Granted Amparo

95WB0027B Mexico City LA JORNADA in Spanish 4 Mar 95 p 38

[FBIS Translated Text] NOTIMEX, Guadalajara, Jalisco, 3 Mar—Adolfo Marin Cuevas, alias "El Jimmy," the presumed gunman for the Arellano Felix brothers, could obtain his release, with the confirmation today that he was granted the benefit of an amparo against the formal imprisonment ordered for him.

The magistrate of the second appellate court of criminal proceedings, Oscar Vazquez Marin, confirmed the fact that the head of the seventh district court, Jose Davalos Davalos, had granted an amparo against the writ of formal imprisonment issued by the sixth court of criminal proceedings.

Marin Cuevas, who also uses the name Adolfo Tayle Aceves, and the aliases "El Jimmy," "El Tecolote," and "El Nayra," was extradited from jail in San Diego, California, during the first week of January 1995.

The accused is identified as a presumed participant in the shooting that occurred at the Guadalajara airport on 24 May 1993, in which Cardinal Juan Jesus Posadas Ocampo was killed.

"El Jimmy" is confined at the Federal Social Rehabilitation Center in Almoloya de Juarez, Mexico State, and is awaiting trial in Toluca's first district court of criminal proceedings.

In this city's sixth court, proceedings 303/93-A were opened against him for presumed crimes of homicide committed against Posadas Ocampo and six other persons, as well as for attempted homicide to be perpetrated on Joaquin Guzman Loera, among others.

Guatemala

Defense Minister on Allegations About Colonel Alpirez

PA2403235095 Guatemala City Televisiete Television in Spanish 0400 GMT 24 Mar 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Defense Minister Mario Enriquez has demanded evidence to support the charges after the CIA has denied reports published in Guatemala:

[Begin Enriquez recording] The truth is there are many things about the Bamaca and Devine cases, so many points that need clarification, and there are ideological factors too, as you know. I believe matters can be clarified with irrefutable evidence. The Guatemalan Government, the government headed by President Ramiro De Leon Carpio, or the Defense Ministry will never be opposed to investigations. We are, however, against rumors and suppositions that drastically affect the moral integrity of the individuals involved. If there is evidence to back the accusations, then the situation is different, because we want to clarify these cases. We are hiding nothing. [end recording]

A report disclosed in the United States today mentions Colonel Julio Roberto Alpirez, second commander at the [words indistinct] military base, as a CIA agent. The defense minister has said in that regard those allegations will have to be investigated, because it is a common practice to accuse the Armed Forces of actions such as these. He added those accusations are very disappointing:

[Begin Enriquez recording] It is not always painful. It would be painful if members of the Armed Forces were at the service of the CIA or paid by the CIA. In all sincerity, this affair is very disappointing. As I have said, I understand that national and international agencies can exchange information to guarantee a country's peace and progress, but it is hard to accept that members of the Army are hired by the CIA. That hurts the Army's dignity; it really does. [end recording]

Says Colonel Alpirez Denies CIA Links

PA2603203395 Hamburg DPA in Spanish 1821 GMT 26 Mar 95

[FBIS Translated Excerpt] Guatemala City, 26 Mar (DPA)—Guatemalan Defense Minister Mario Enriquez said today that Guatemalan Colonel Julio Roberto Alpirez, the main figure in the scandal implicating the United States in two murders in Guatemala, "categorically" denied having made deals with foreign secret services.

Alpirez, whom the press have been unable to locate and who on Monday must appear before a prosecutor investigating his alleged CIA connections, "is very worried and annoyed by these charges," Enriquez stressed, who spoke to him by telephone. [passage omitted]

Minister Enriquez gave assurances that Alpirez "is in Guatemala," thus contradicting media reports that had suggested that he had left the country "hours before" U.S. Congressman Torricelli's statements were known.

Enriquez said he had questioned the colonel on whether he had at any time been a member of the CIA and the reply was categorical: "Never."

"Alpirez is very worried and annoyed over the charges (...) until we have proof, we cannot take any action against him," the defense minister said, who, like the colonel, graduated from a U.S. military academy.

The Guatemalan minister also said that if Torricelli's charges are confirmed, Alpirez "would receive a dishonorable discharge and be put to trial."

Guatemalan legal experts noted that the Military Penal Code stipulates punishment of more than 10 years imprisonment and even the death penalty for those involved in espionage or who supply foreign governments with confidential information.

Guatemalan Foreign Relations Minister Marithza Ruiz said that she has requested "broader and more detailed" information from the United States on the Alpirez case, according to the media.

Nicaragua

Daniel Ortega Interviewed on FSLN Unity

PA2403141895 Managua BARRICADA in Spanish 23 Mar 95 p 5

[Interview with FSLN Secretary General Daniel Ortega by an unidentified reporter in Managua; date not given—reprinted from the Spanish weekly CAMBIO 16]

[FBIS Translated Text] Managua— Accustomed to his stature as a charismatic leader, finding oneself in the presence of Daniel Ortega, former Nicaraguan President and Sandinist leader, is nothing less than shocking. He has lost weight, and his public appearances have been sporadic since the discovery of a heart condition that kept him bedridden in a Cuban hospital for three months. Ortega had returned from Cuba two weeks before this interview.

[CAMBIO 16] What is your assessment of the new crisis in Nicaragua?

[Ortega] It is a confrontation between the branches of government, a crisis which for the first time has not entailed a military confrontation. It has become critical because it is a new experience, but they will have to reach some sort of understanding.

[CAMBIO 16] How can the problem be solved?

[Ortega] With a wide-ranging dialogue among the Executive, Legislative, and Judicial Branches that includes other sectors such as the private sector and workers who are interested in change. This is the time to promote an agreement that will develop the confidence everyone needs to guarantee that the 1996 elections are not traumatic.

[CAMBIO 16] You have questioned the content of the legislative reforms?

[Ortega] Indeed I have. Even though these reforms entail a certain democratization of power in areas such as health and education, there has been a swing to the right because the door to privatization is being opened. Nor are we in favor of a second round in the elections, because it would simply alter the people's will.

[CAMBIO 16] At any rate, don't you think a two-thirds majority is nothing less than indisputable?

[Ortega] Such a majority may not necessarily be qualified. It would be if it represented the main political parties, but a recomposition has occurred. According to a recent poll, the FSLN [Sandinist National Liberation Front] had 20 to 25 percent support, and it has 39 deputies. Now, with the defection of the renewalists, it has only 10 percent, and it is not clear which party the others represent. The Liberal Party [PL], headed by Managua Mayor Arnoldo Aleman, has nearly as much support as the FSLN in terms of percentage, yet he only has five deputies. In other words, the deputies who decided to support the reforms are not represented, and that is why we cannot rule out a constituent assembly.

[CAMBIO 16] It seem as if there is permanent strife in Nicaragua.

[Ortega] That is the result of political transition. We have taken two key steps in the advancement of democracy. The first was the 1990 election. I mention it because that was the one we lost and the one that tested our democratic vocation. That was the starting point in the advancement of the state of law. The second refers to changes in the military leadership. What we are still missing is the advancement of democracy in the economic sector.

[CAMBIO 16] In what sense are changes in the military leadership significant?

[Ortega] It entails the readjustment of an institution that was born with the revolution, made up of revolutionaries who have adopted the institutional changes as their own because of the revolutionary essence of the changes, and the fact that the institution is made up of political men who understand the need for a change from the Sandinist Army to a national army.

[CAMBIO 16] Is it also a symbol of the Sandinist's loss of power?

[Ortega] It is also evidence that we Sandinists do not cling to power.

[CAMBIO 16] What is the situation in the FSLN following its division? Major figures have left the party, including former Vice President Sergio Ramirez.

[Ortega] Yes, it would have been ideal if they had remained. Nevertheless, we have been able to register nearly 300,000 new members. At the grass-roots level, the FSLN is anything but divided. The defection of that group does not mean we cannot reach an agreement in 1996 so in 1997 the country can have a genuine national unity government that will open the door to economic reactivation.

[CAMBIO 16] Could the division have been avoided?

[Ortega] The only way we could have avoided it was by calling an extraordinary congress, which is precisely what we did. Unfortunately, some members decided not to accept the democratic results.

[CAMBIO 16] Could the conflict that took place in BARRICADA have been averted?

[Ortega] If the BARRICADA director was so committed to those who defected from the FSLN, the appropriate thing to have done was to resign, but instead he decided to cling to the position.

[CAMBIO 16] The conflict is over, and now you have two groups.

[Ortega] There is only one FSLN, not two. The other group has already clearly announced they intend to form another party.

[CAMBIO 16] Yet you are all still Sandinists, right?

[Ortega] Eden Pastora (former contra leader) also said he was a Sandinist when he rebelled against us, and I have no doubt that he still considers himself one. I, however, do not see Sandino's philosophy in someone who conducts himself the way he did. At any rate, there are Sandinists beyond the FSLN, and even beyond the new group.

[CAMBIO 16] Does that imply the possibility of alliances with other parties?

[Ortega] We are open, but it is too premature. We still must polish our goals.

[CAMBIO 16] What remains of the decade of the revolution?

[Ortega] The right to defend one's rights is ingrained in the peoples' consciousness. The institutions remain because the revolution did what the bourgeoisie never did: build the Judicial, Legislative, Executive, and Electoral Branches. It was also able to build an armed forces endowed with patriotic spirit that makes society feel secure. The structural transformations in land ownership remain, even if the issue is still under debate. These are issues which must be resolved so the country can advance.

[CAMBIO 16] There is much speculation about your health, especially during these crucial times for the FSLN.

[Ortega] That is normal. I am privileged to have been able to live so long, and I am not talking like I am about to die. I am privileged to have reached 49 years of age and to have lived through three major stages of my country's history: the struggle against the Somoza dictatorship, surviving it until the victory of the revolution, consolidating it, and now this stage, where I am fighting from the opposition to democratize this country. I had a heart attack when there were no prior symptoms, just a touch of high blood pressure. For that reason I decided—during a trip to Cuba, where I was attending an event—to take advantage of the opportunity and have a medical checkup. It was then that the condition was diagnosed. This has forced me to adjust some working conditions and take things a bit easier. I have had to change my diet, and I am now a vegetarian.

[CAMBIO 16] Where was your surgery performed?

[Ortega] After placing me under observation, the doctors decided not to operate.

[CAMBIO 16] Has it affected you psychologically?

[Ortega] One passes through an adjustment period. My life has been very intense. I have had to adjust to clandestine life, prison, the possibility of being killed, and now death can occur at any moment. Before I viewed death as something that would happen to me through an attempt on my life or during a clash with one of my adversaries. Now it is a matter of having to live with the death we all carry inside: infirmity.

[CAMBIO 16] Will you run for reelection?

[Ortega] I plan to continue fighting with the FSLN as long as God gives me life. As for my candidacy, well, it is still too soon to tell.

M. Baltodano on FSLN in '96

95CA0159B Managua BARRICADA in Spanish 24 Feb 95 p 7

[Interview with FSLN National Directorate member Monica Baltodano by William Grigsby; place and date not given—first five paragraphs are BARRICADA introduction]

[FBIS Translated Text] Two objectives of the extraordinary meeting of the *First Congress of the Sandinist Front*, held last May, were to define clearly the party's opposition character and to choose the main axes determining how the organization will work to win the 1996 elections.

While the two issues were fully debated and properly approved as part of the Sandinist program, it is obvious, nine months later, that difficulties still persist in transferring them to everyday practice in the FSLN [Sandinist National Liberation Front].

Monica Baltodano, a member elected to the National Directorate by that Congress, and then appointed organization secretary by the Sandinist Assembly, believes there are two basic factors impeding the achievement of these two objectives.

First, she says, the image of the Sandinist Front does not match the reality. It is *a false image*. Second, she adds, four years of dispersion and incoherence after the election defeat cannot be overcome in nine months of work along the new lines approved by the Congress.

In an interview with BARRICADA, Monica discusses at length the tasks the FSLN faces in this preelection year: the need to improve the party's image—*it is not good enough to be, it is also necessary to appear*—and Sandinism's election platform planks for 1996.

[Grigsby] In the meeting on 19 February, Tomas Borge announced the end of the truce with the government. Was there really a truce?

[Baltodano] No. I believe there never was an official truce. On the contrary, the FSLN is the party that has provided the most opposition to the government's policies. And we have taken responsibility for all the people's battles that have been fought in these four years: demonstrations, strikes, protection of production units, and even barricades during the transportation strike. We have given open and determined support to the people's struggles, just as we are now supporting the teachers.

Here is the situation. Before the Congress last May, while the grassroots of Sandinism and some members of the Front's leadership were supporting and participating in those struggles, other leaders—led by the founder of Ramirism [Sergio Ramirez's supporters]—in practice promoted *high-level* agreements with the government, which projected an image that did not match reality and what the party's grassroots were doing.

Those *high-level* agreements also did not agree with decisions approved by the FSLN in the Crucero meeting, in the *First Congress*, and in the *Extraordinary Congress*, at which there was a lengthy and indepth debate on relations with the government and the opposition character of our party.

[Grigsby] But things do not seem to have changed very much after the May Congress...

[Baltodano] It is the image that has not changed very much. We need a strategy to alter that false image and project the FSLN's true image. This is the opposite of the case of Aleman, who appears to be opposing the government, but who has never taken any opposition action. He has never led a single popular struggle for jobs or to improve the Nicaraguan people's living standards.

No political party has fought the government like the Sandinist Front has. But the media project a false image of cogovernment, an image that has been intensified by the political behavior of the people who are now in the *Ramirist* group.

[Grigsby] Is this a matter of image or of combat strategy?

[Baltodano] In general, we have lacked such a strategy, but the major problem, I insist, is that our image does not reflect reality. And that is primarily caused by the work of the media on the right. That image of cogovernment is false, and we have two years ahead to restore the true face of the Sandinist Front, as Tomas said in his speech on 19 February.

[Grigsby] But people also perceive a breakdown of the forces of Sandinism, a lack of coherence, even after the Congress last May...

[Baltodano] Four years are a long time! That period when the Front had a two-faced action, for the reasons we have already explained, cannot be overcome in nine months. But we have made a lot of progress. It has not been easy, but we are recovering our coherence.

Some incredible progress has been made. For example, we now have a partisan presence and Sandinist life in places where, in the past, our forces were immobilized. Where before there were one or two comrades working, now we really have party teams. We are making progress little by little. This is a political process in which all of us who are Sandinists must accept the Congress's decisions, which will enable us to recover the coherence and homogeneity every party needs.

We have prepared an economic program that we have studied and now, on Friday, we will finish revising it, so it can be presented for approval at the next Sandinist Assembly meeting in March.

In addition, the members of the National Directorate held a two-day session, and then we held a meeting lasting another two days with departmental political secretaries, leaders of social organizations in sympathy with Sandinism, and other important cadres, at which we reflected on and discussed the FSLN's platform planks for 1996.

Based on both discussions, we have identified election platform planks in harmony with the program the Congress approved last May, because there can be no duality. The FSLN has a program and that program determines its election strategy. There can not be an election strategy that differs from the program.

Those platform planks are:

Production, to create jobs, food, health, education, and social well-being.

Peace, which also includes citizens' security, facilitating unity, and family tranquility.

Economic Democracy, to offer full protection for property ownership, equity in the distribution of credit and of technical services; and

Political and social stability, which means equilibrium among state powers, administrative honesty, and respect for the autonomous powers of the Atlantic Coast department and of the municipalities.

[Grigsby] But those are election platform planks. What about in the meantime?

[Baltodano] The May Congress clearly defined our position of firm opposition to the government's economic policies and of militant support for social organizations.

However, those definitions have not had a corresponding *Battle Plan* or an appropriate policy of dissemination...of projection. This year we must rouse the energies of the militant grassroots to firmer support for popular struggles, and that must fit our image.

I believe it is not enough to be the political party that offers the greatest opposition in Nicaragua, but we must also appear to be that party.

[Grigsby] But is not that Battle Plan somewhat out of date, as it seems that the people are now tired of so much fighting without results, and perhaps they have now become resigned to trying to change things in the 1996 elections?

[Baltodano] The breakdown of popular struggles is a direct result of this government's real dismantling of our revolutionary gains. Even though this government talked of reconciliation, it has been as or more anti-Sandinist than the most recalcitrant sectors of the ultraright in our country.

It has a line for public consumption, but in practice its policies are revanchist. For example, the purge of Sandinists from all state institutions. Or the case of Belli with the teachers. The government's policies are as reactionary as the ones that Aleman would apply, and that has hurt the people's ability to fight.

Another example: the major union federations joined forces in support of the coalition—but, three years later, the government is deceiving and mocking the workers who acquired shares in state enterprises.

By using the economic mechanisms of liberalism, pressures, and even blackmail, they have been recovering those shares at rock-bottom prices. Another example is the hoax perpetrated against La Fosforera's workers.

There is another factor contributing to this popular discouragement, and that is the process of decay throughout the entire judicial system, whose resolutions support the objective of stripping the popular sectors of their rights.

All this has weakened the capacity of organizations to fight. I have the following theory, which ought to be checked by sociological studies: If hunger and poverty are factors which lead to struggle and rebellion, then when human beings slip below that level—that is, into indigence, as is the case in large sectors of Nicaragua's population—this factor works against fighting for change.

With so much unemployment, so much misery, so much indigence, people think only of themselves and how to survive. So many people quickly take a job when the rightful holder of that job goes out on strike (the so-called scabs). I believe indigence is a demotivating factor.

[Grigsby] Polls conducted by all the polling specialists agree that most people are not only apathetic, but they do not trust the parties or politicians. And that also applies to the Sandinists...

[Baltodano] That is why I insist that the FSLN should develop proposals that go beyond '96, beyond the elections, beyond those which any other party formulates. Our proposals for standing by the side of the people do not have winning the electorate as a political clientele as their objective.

The FSLN should seek power by taking positions different from those of the traditional parties. That is, it should seek real power for the masses, and that means that the Sandinist proposals must go beyond the search for elective office.

[Grigsby] Is that idea not perhaps somewhat romantic? In the end, without government power, goals are more difficult to achieve.

[Baltodano] No. Transformations must be made with a more consistent awareness.

[Grigsby] And that does not happen through elections?

[Baltodano] Yes, but not by selling false promises or deceiving the most backward people. We have to try to persuade people of the value of our proposals, for then the profound changes which the nation needs will be more feasible.

[Grigsby] Was 11 years of revolutionary power not enough time to develop that awareness?

[Baltodano] We have 25 percent of the Nicaraguan people who say they are Sandinists, and so they have that awareness. That is by no means insignificant in a country like Nicaragua, where Somozism grew to dominate the nation on the basis of ignorance, illiteracy, poverty, and arms.

At the time of the revolutionary victory in 1979, we were barely a handful of men and women. The second group of Sandinist militants (and the first of those who survived the struggle) was made up of barely 2,500 comrades, both men and women, who had participated in the FSLN's struggle for at least nine months before the victory.

Now we have 337,000 Sandinists, who are a support and stimulus for the Revolution.

[Grigsby] Monica, you speak of "transformations." Do they still need to be made? What sort of transformations?

[Baltodano] First, **to defend what we already have**, what the people won during the revolutionary government and during the struggles of the masses in this period. That is, urban and rural properties that 300,000 families possess, and the lands which this government turned over during its first year to people who had been demobilized from the Armed Forces and from the Resistance.

Second, to promote and foster specific policies enabling us to **democratize the economy** and create tools for the individual development of those new property owners and of the nation.

[Grigsby] Was not democratizing property ownership enough to democratize the economy?

[Baltodano] No. Democratization of property ownership is still not democratization of the economy, even though it is an essential element of it. We need to democratize credit and provide technical support and training for the masses.

[Grigsby] Is it possible to democratize the economy without harming the interests of other property owners?

[Baltodano] Nicaragua is a country of small and midsized farmers. They have 80 percent of the cultivable land. Giving priority to all those farmers, based on the country's needs, is our only chance for emerging from the crisis and from underdevelopment.

Democratization of the economy does not require any dispute with producers. In addition, the most important alliance for us in facing the future beyond 1996 is an alliance with producers, and of them, with those who received lands from the agrarian reform, with the cooperatives, with people demobilized from the Army, the MINT [Ministry of Interior] and the Resistance, with workers who own their businesses. They are our main friends.

[Grigsby] Comandante Baltodano, you say that "the alliance with the producers is the most important for facing the future." That is an innovative and strategic definition. What exactly does it mean?

[Baltodano] We Sandinists forged the historic worker-campesino alliance, and that was the fundamental axis throughout the struggle against Somoza and during the revolutionary government. Now we have another situation, other circumstances, a new reality. The alliance is between the workers and producers, and us, the Sandinist Front; we are willing to serve that alliance.

That alliance and our participation transcend the FSLN's position as a political party.

[Grigsby] What does that mean in terms of elections?

[Baltodano] Giving priority in the program to anyone who helps to develop both sectors of the alliance, to all methods and actions that improve production and to those who promote it. The main focus of the program must be oriented toward creating jobs and eradicating misery and the nation's social backwardness.

[Grigsby] And the candidates?

[Baltodano] The alliance between producers and workers means that all candidates, on all levels, must be visible faces representing them. These criteria have been maturing in the Directorate, and in the first surveys we have done, they have received full support.

[Grigsby] They are criteria for the elections and beyond. But in the meantime, what should the Sandinists be doing in their local units?

[Baltodano] The registration process has just been completed and the elections for municipal and departmental officials were held in September and October of last year. We have talked with the political secretaries, and have agreed that the principal task for Sandinists is to identify in their barrio, local community, cooperative, in their territory, the major problems of the community, in order to formulate a plan of action that will help to solve those problems which may be resolved through their own efforts.

Second, we have also decided that another priority task is to develop a process of horizontal communication with the community, to explain our program which was approved last May. However, we have had difficulties with this, because it was just on 22 February that we had a quantity of pamphlets printed, still a minimal quantity, that will start to be distributed in the next few days. Finally, an important task for Sandinists is to provide decisive and militant support for the struggles of various sectors, like the one the teachers began this Monday.

Panama

President Says U.S. Cannot Prohibit Trade With Cuba

PA2603161195 Panama City EL PANAMA AMERICA in Spanish 26 Mar 95 p A1

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] President Ernesto Perez Balladares said yesterday that the law in Panama does not prohibit its nationals or the companies that operate in its territory from trading with Cuba. He was reacting to the publication in Miami of a list of Panamanian businessmen who are allegedly engaging in this activity.

"There is no Panamanian legislation that prohibits trade with Cuba; therefore, the United States can publish all the lists it wants, even lists of its own firms at the Colon Free Zone that trade with Cuba," Perez told EL PANAMA AMERICA.

Early this week, Miami's LA PRENSA published a list of 24 Panamanian citizens and corporations that trade with regimes that are not looked upon favorably by the United States. On the list are well-known businessmen with political connections, among them former presidential candidate Carlos Duque.

"The United States has been incapable of controlling its own stock companies and corporations and making them observe its own law, which is theirs and not ours," Perez Balladares stressed during a meeting with reporters at his Cerro Azul country home.

The president's remarks and the publication of the list in Miami coincide with the U.S. House of Representatives' debate of a controversial bill to punish private businessmen and countries that trade with Cuba.

The bill seeks to prohibit the issuance of visas to the executives and shareholders of companies that trade with Fidel Castro's regime or purchase properties confiscated by Cuba.

A diplomatic source told "EL PANAMA AMERICA" that the Panamanians named by the U.S. Justice Department trade not only with Cuba but also with Libya and Iraq.

Perez Balladares said that he is not defending Cuba but that U.S. congressmen must understand that it is not fair for them to attempt to legislate for the world.

"Every day more and more people trade with Cuba. If you go to Europe you will see that a large number of Spanish, French, and British investors, for example, are investing in Cuba," Perez Balladares underscored.

The president also pointed out that his government will not make the mistake of disclosing in advance its official position regarding the possibility that U.S. military bases may remain in Panama beyond the year 2000, because thus far all we have heard is "gossip and the wishes of congressmen and senators."

Article Questions Benefits of U.S. Bases Beyond 2000

PA2403190195 Panama City LA PRENSA in Spanish 23 Mar 95 p 32A

[Article by Juan David Morgan: "Opinion Polls"]

[FBIS Translated Text] For many years, enterprises have used opinion polls scientifically to determine market preferences. Now the polls have moved from marketing to the more subjective field of politics. In Panama's most recent elections, we witnessed the great display and prominence the media gave polls. Polls and pollsters were praised and criticized. Some of the praise and criticism was justified, but usually it was either favorable or unfavorable toward the involved individuals or groups. My attention has always been drawn to the fact that the party which ordered the polls usually included a stipulation to measure the Panamanian people's reaction to the presence of U.S. military bases beyond the year 2000. Invariably, the results indicated that the majority of respondents favored the bases' presence.

Once the electoral process ended, and in view of our inexorable march toward the year 2000, the media, which guide public opinion, again resorted to opinion polls to anticipate what would happen if the Panamanian people were asked to decide, through a plebiscite, whether U.S. military installations should stay after 31 December 1999, when the Torrijos-Carter Treaties expire. These polls have led to the affirmation, like an unquestionable truth, that if the Panamanian Government held a plebiscite, 80 percent of the people would say yes to the presence of the foreign military bases. I do not intend to cast doubts on the veracity of the figures that the polls have yielded, but we should question the parameters and conditions thereof.

When asked about the military bases, Panamanian respondents have as a framework for their answer everything that historically has been said in the country on this subject. This framework includes the following: the military bases provide thousands of jobs; a considerable amount of money for goods and services is disbursed by the U.S. Government for the maintenance of the bases; many large Panamanian enterprises enjoy lucrative contracts for work required on the bases; U.S. servicemen and their dependents contribute many thousands of dollars to the local economy in rent—purchases in the local businesses, restaurants, etc. In conclusion, according to studies conducted by the local government and private sector economists, it has been said that the direct and indirect benefits that the bases contribute to the local economy are enormous. Consequently, when Panamanians are asked whether the bases should stay or go, they are really being asked if they want the economic benefits that the bases bring, as they do at present, to stay or disappear. Of course, in our country, with a high unemployment and poverty rate, it is only logical that a large percentage will say that those economic benefits should remain.

If the military bases stay beyond the year 2000, will they continue to operate as they do now, with 10,000 soldiers and all their attached paraphernalia? Of course not. The Americans themselves have said so for the good of anyone who would listen. Even before the Iron Curtain fell, the United States had begun to reduce the number of military installations, both at home and abroad, with enormous financial repercussions. Many states have been tremendously affected by the decision made in Washington which, among other things, is intended to reduce the U.S. Treasury's gigantic fiscal deficit. California, one of the most affluent states, has perhaps suffered the most due to the closure of military installations. As a consequence, if the Americans finally make up their minds to formally request permission to leave their military installations here, and if Panama grants them this permission, the bases that stay will have to conform to the U.S. Government's general policy on this matter. As a result, those large economic benefits, direct and indirect, that the bases produce at present would be reduced to minimal and negligible amounts. I have heard experts say that less than 400 soldiers would stay in Panama in such a case.

Consequently, it is completely self-deceiving and self-defeating to keep conducting opinion polls because they are based on premises which, although they can prove true at present, will surely not be so on 1 January 2000. In addition, who will be in a position to poll future generations, which are the ones who will really be affected by the decisions we are making now? Perhaps the other 20 percent of today's respondents, those who think the bases should go anyway, are truly thinking about tomorrow's Panamanians, and that is why they do not mind putting their deep sense of dignity, which is impossible to gauge in any opinion poll, before material benefits.

Foreign Minister in 'Good Health,' To Return 'Soon'

PA2403174895 Panama City LA PRENSA in Spanish 24 Mar 95 p 1

[Report by Ibeth Vega G.]

[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo will return to Panama soon since "he does not suffer from any serious injury to the coronary arteries that requires angioplastic surgery," the Foreign Ministry has disclosed.

A communique issued by the Open Heart Surgery Associates in Miami confirmed yesterday that the Panamanian foreign minister is in good health.

Lewis Galindo left for the United States this week for a checkup at Mercy Hospital in Miami, Florida, after he underwent a routine examination at San Fernando Clinic.

Ricardo Alberto Arias, Panamanian ambassador to Washington, is acting foreign minister until Lewis Galindo returns to his post.

The document, which bears the signature of cardiologist Roberto Reyna, explains that this diagnosis was made following a catheterization of Lewis Galindo by Dr. Roberto A. Miki under Reyna's guidance.

Panamanian President on Challenges of Regional Summit

PA2703032295 Mexico City NOTIMEX in Spanish 2341 GMT 25 Mar 95

[By correspondent Sandra Paez]

[FBIS Translated Text] Panama City, 25 Mar (NOTIMEX)—Panamanian President Ernesto Perez Balladares today said the main challenge of the 14th Central American Presidential Summit is to propose specific mechanisms for civilian society to increase its participation in governmental decisions that affect society.

In an interview with NOTIMEX, the president noted that, although the 14th meeting of the presidents of the isthmus will be a continuation of previous summits, "I believe we have to take the next step at this point in time.

In other words, we should not simply remain at the stage of issuing euphemistic declarations."

Perez Balladares admitted he has received "justified demands" from civilian organizations, at both the domestic and regional levels, "which are becoming increasingly belligerent about official decisions that affect them."

He said he will propose at the presidential summit that the regional integration project be postponed until the various sectors within society have had an opportunity to express themselves, "because they have been unable to do this so far."

"This is a position we have to respect if we truly want to have the participation of civilian society," the president added. He went on to say that at this meeting, which is scheduled for 29-31 March, he also will raise issues discussed in previous summits.

Economic issues, as well as the struggle against crime, drug trafficking, and money laundering, will be discussed at the presidential meeting. The Panamanian president added: "The mere fact that we are meeting and exchanging experiences and opinions is in itself very beneficial."

Nevertheless, Atencion Lopez, a Panamanian Indian representative, said the prospects for the upcoming presidential summit "are a bit alarming, because they overlook our sector of the population when they talk about social development." According to Lopez, who represents the Indian Legal Advisory Office [Consultorio Juridico de los Pueblos Indigenas], this "forgotten" sector is precisely the one that could trigger uprisings and endanger "the fragile Central American democracies."

"We do not want to contribute to division among various sectors in any country. On the other hand, we also cannot accept the fact that money, amounting to millions, might be negotiated, and yet, the Indian and peasant communities not be permitted to benefit from such transactions," he stated. Furthermore, he added, 70 percent of the 100 civil wars occurring in the world right now are ethnic-based. This shows the importance of attending to the needs of the Indian communities, Lopez observed.

Lopez also noted that "very important decisions" are made at the Central American summits and, in turn, his group will be present, carrying placards and employing other peaceful means of expression, at the upcoming summit in El Salvador, even if they have not been invited to participate.

Osvaldo Velasquez, president of the Panamanian Human Rights Committee, agreed with Lopez in that Indian, employment, and agrarian issues should be given priority at the upcoming summit. Velasquez asserted that the reason the Indian issue must be discussed is because Indians "are treated as if they are second-class human beings, and they are denied rights given to all other citizens."

He added: "We want the presidents to simply agree on the basic issues that generate social, economic, and cultural problems, because these problems can be better resolved as a bloc than if each country tries to resolve them on its own."

Argentina

Government Wants Ecuador To Return Arms

PY2403190195 Buenos Aires CLARIN in Spanish 23 Mar 95 pp 18, 19

[FBIS Translated Text] Official sources have told CLARIN THAT the government will ask Ecuador "to return" the 75 tonnes of Argentine arms the country received during the Condor Range war in February. The measure aims at repairing the political-military damage done to Peru and is an attempt to recompose our country's international image.

President Carlos Menem made the decision on 18 March [as published] during a meeting at the Olivos residence with Foreign Minister Guido Di Tella and Defense Minister Oscar Camilion. The decision will be implemented when the United States confirms that the U.S. firm Fine Air unloaded the arms cargo at the Guayaquil airport, in Ecuador.

The government is expecting this confirmation because the Ecuadoran Government denied having received the cargo and the request must be made based on solid evidence.

Last week Ronald Godard, second in charge at the U.S. Embassy, met with Foreign Ministry Under Secretary Guillermo Gonzalez to obtain the details and express concern regarding the scandal, as CLARIN has already reported.

In the meeting, Godard promised to find out whether Fine Air had unloaded the arms in Guayaquil during its flights from Buenos Aires to Guayaquil between 17 and 22 February.

At that time, Ecuador was at war with Peru. Argentina—together with the United States, Chile, and Brazil—are guarantors of the peace treaty signed between both countries in 1942. The arrival of an Argentine arms cargo in Ecuador in the midst of the conflict put the government in a tight spot.

Answer to Peru

The request to return the cargo, officially valued at $33 million, is within the framework of the Foreign Ministry strategy to give an initial answer to Peru, which, on 17 March, formally protested the maneuver.

With a deteriorating foreign front, Di Tella was the first official to acknowledge that some documents exhibited by the government to blame Venezuela "were false." In addition, he is the only official who insisted on saying that "the heads of those responsible will roll," which compares favorably with the silence Defense Minister Oscar Camilion has maintained for the past five days.

Defense officials continue to believe that the first version of the official report is the correct version. That report says that the arms were sold to Venezuela and the company that acted as intermediary is responsible for diverting the cargo.

The sale to Venezuela was authorized by a government decree signed by President Carlos Menem. When the scandal broke out, however, Venezuela denied having purchased the arms.

Oral Report

The issue will probably be discussed again at today's cabinet meeting. Afterward, Camilion and possibly Di Tella will orally brief the Chamber of Deputies' Defense Committee on the issue. In the committee, opposition legislators, and some Peronists [ruling Justicialist Party] are expected to riddle them with questions. After a change of positions on 17 March, the ministers now blame the U.S. company Fine Air, which was in charge of transporting the arms; the firm Hayton Trade, which acted as intermediary; and Metales Restor, which purchased the cargo, for the incident.

As an advance action, the government will forbid Fine Air from landing in the country until the issue of delivery is clarified. The airline was forbidden from using Argentine air space as of 3 March. The same measure was adopted by Brazil a few days earlier.

Menem Holds 'Activists' Responsible for 23 Mar Unrest

PY2403230395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1403 GMT 24 Mar 95

[FBIS Translated Excerpt] Buenos Aires, 24 Mar (NA)—On 24 March, President Carlos Menem asserted that "there were activists" in the protest rally held outside the Naval Mechanics School building on 23 March, adding that "these infiltrators" had attacked the police and were responsible for the resulting incidents.

Menem made it clear that he was not referring to the Mothers of Plaza de Mayo as the instigators of the clashes with the police, but rather "to the activists" present at the demonstration, one of whom—the president disclosed—is a Uruguayan citizen.

The head of state made these comments during an unscheduled news conference he called in the Press Room of Government House this morning. By prior agreement the news conference was neither recorded nor broadcast.

The president, who was accompanied by Adalberto Diaz Garcia, under secretary of press and broadcasting, and Jorge Rearte, the chief of the Military Household of the Presidency, said that a group called "Quebracho" from the City of La Plata [capital of Buenos Aires Province], was to blame for the riots.

Having stated that "I believe that within the framework of the great freedom prevalent in Argentina, these things happen when activists infiltrate into our country," Menem reported that a Uruguayan citizen surnamed Codesal had been arrested following the disturbances.

The head of state played down the importance of the demonstration, pointing out that "these were some 200 people out of the 33 million inhabitants of Argentina."

He further stated that none of these events have any influence on the state of mind of the Argentine people, as the public "does not eat glass" and is well aware that this is part of the election campaign, as has been the case at other times.

Menem ruled out the possibility of an eruption of social unrest, noting that "Labor Minister Jose Armando Caro Figueroa is monitoring the situation in the northwestern provinces." [passage omitted]

Interior Minister: Political Activists Present at Protest

PY2403231695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1649 GMT 24 Mar 95

[FBIS Translated Text] Buenos Aires, 24 Mar (NA)—On 24 March, Interior Minister Carlos Corach disclosed that the government had received information about the presence of political activists at the protest rally held outside the EMSA [Naval Mechanics School] building on 23 March.

Corach said: "It came to our knowledge that there might be provokers, or people who do not generally participate in these kinds of manifestations by the Mothers of Plaza de Mayo Association. We thus requested the intervention of an examining court."

He reported that two district attorneys from the court "witnessed all the events" that took place outside ESMA, and will submit a report to a magistrate's court to establish responsibilities.

Corach reported that for years the Mothers of Plaza de Mayo "have been holding peaceful demonstrations" in which no incidents have been reported, and added that "unfortunately, there were some instigators at yesterday's rally."

He recalled that at the very moment the police "took a person into custody, a reaction ensued. This prompted the government to inform the head of the security forces of its concern that these demonstrations proceed in a peaceful manner."

Corach told a local radio station that the incidents "occurred when a group of activists and demonstrators wrestled with the police over the arrest of two persons who had allegedly hurled stones, bottles, and projectiles."

The interior minister went on to say that "the demonstrators reacted strongly against the arrest of these two persons. One of them escaped, and the other, who was a Uruguayan citizen, was released some hours later, because pursuant to its constitutional mandate the Menem administration guarantees the right to assembly, petition, and expression."

Interior Ministry Communique Deplores Protest Violence

PY2403224495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0243 GMT 24 Mar 95

[FBIS Translated Text] Buenos Aires, 23 Mar (NA)—The government tonight deplored today's incidents outside the Naval Mechanics School (ESMA) building, where demonstrators from human rights organizations headed by the Mothers of Plaza de Mayo challenged the police.

In a communique signed by Interior Minister Carlos Corach and Andres Antonietti, security and community protection secretary, the government gives assurances that it will guarantee 'the unrestricted exercise of the constitutional right to assemble, demonstrate, and make petitions.' However, the communique points out that this guarantee will apply 'within the limits established by law, safeguarding order and public and private property.'

The communique also asks 'those who want to exercise these rights to exercise them peacefully, as is appropriate in a democratic state of law and suiting the level of maturity of our society.'

The communique emphasizes: 'This has been our government's repeated and permanent attitude during its entire tenure, as evidenced by dozens of demonstrations and daily actions, advocating various causes, that are freely carried out throughout our national territory.'

The communique, which does not mention how the incidents developed, deplores 'the incidents outside the Naval Mechanics School that prompted clashes with the security forces in charge of keeping order.' The communique confirms that 'the trial courts will evaluate the incidents and responsibilities, as two prosecutors watched the incidents.'

The federal police also released an official communique reporting that the initial proceedings are being handled by the lower correctional court headed by Judge Braidot. The federal police reported that during the incidents a demonstrator, whose identity was not supplied, was detained and two policemen, whose last names are Duarte and Valor, were injured and taken to the Churruca Hospital.

Banker on Recovery of Financial System

95SM0259A Buenos Aires LA PRENSA in Spanish 12 Mar 95 p 2, economic section

[Interview with banker Leonardo Anidjar by Dick Streuly: "Slow But Steady Recovery"; place and date not given; first paragraph is LA PRENSA introduction]

[FBIS Translated Text] In an interview with LA PRENSA, Leonardo Anidjar, the brand new president of the Banco Shaw and a member of the Board of Directors of the Banco del Sud, spelled out the causes and consequences of the financial crisis. He asserted that the outflow of deposits has now stopped, and local capital should return first. Whatever international aid Argentina receives will be the key to achieving this.

[Streuly] Will the funds that the IMF and international banks are supposed to give our country be enough to rescue the financial system?

[Anidjar] The most important thing is for that money to be there and for the government's fiscal and financial measures to dispel investors' fears. The amount may be excessive or even not enough if calm is not restored. My impression is that the measures are more than appropriate. The markets are reacting very slowly but favorably.

[Streuly] But people keep on withdrawing their deposits.

[Anidjar] They will return slowly to the system, as has happened in other banking crises in Argentina. No country gets left without a banking system.

[Streuly] How far has deposit withdrawal gone?

[Anidjar] I do not have the overall figures. But I would tell you that the bulk of the withdrawals took place last week. On Monday and Tuesday of this week the losses of reserves were minimal, and there were practically no withdrawals of deposits.

[Streuly] When will the bank run be over?

[Anidjar] It has already peaked; that was last week. Today we are seeing a leveling off at the bottom, and we can assume that now a very slow rise will begin.

[Streuly] What is the best signal that a saver could receive now?

[Anidjar] That little by little the capital of Argentine citizens is returning to the system. I think that the return of foreign capital is going to be much slower and take much longer.

[Streuly] What do you think about having the banks that have been helped by loans from international agencies put up their shares as collateral?

[Anidjar] This is a show of confidence in the workings of the Argentine financial system and economy.

[Streuly] Do the measures that the government is considering go far enough?

[Anidjar] They aim in the right direction, and I think that the amounts (the total borrowing from international agencies) are more than enough.

[Streuly] Another measure that is being looked into is to refloat the seven-day time deposits. What do you think of this?

[Anidjar] I am totally against it, because I think that it would lead to mounting nervousness. Confidence must be restored under the normal operating conditions of the banks.

[Streuly] The fact that the Central Bank is the lender of last resort has many critics. Are you one of them?

[Anidjar] This is the natural role of a Central Bank. We have to bear in mind that reserve requirements are very high in Argentina. Therefore, lending the troubled banks some of this minimum cash would be tantamount to lowering the reserve requirement of the banking system, and this does not run counter to the convertibility law or undermine the credibility of the system.

[Streuly] The idea of a hospital for banks has reemerged. What happened?

[Anidjar] A loan from foreign banks, with the shares of Argentine banks as collateral, is in fact a deposit-guarantee fund. The government is establishing a trust fund that will be the equivalent of a deposit guarantee.

[Streuly] In which banks can people put their money and sleep soundly?

[Anidjar] In Shaw and Del Sud. But if I have to answer without being facetious, I would tell you that given the statements that the economy minister has made, it is obvious that all of the banks in the system may be equally eligible. Because they are putting together an arrangement whereby the credibility of the entire system, not the solvency of any one bank, will be at stake. This is the authorities' aim: to restore the credibility of the system, not of bank A or B. This is why you can do business with A or B, or any other bank.

[Streuly] So, can we rest easy about the condition of the banking system?

[Anidjar] No, it is cause for concern, and the fact is that I am concerned. I am reassured about the institution that I head, but I am concerned about the situation in general. What has happened was serious, inasmuch as it affects the entire economy. The $200 million safety net is insufficient. Two or three percent of the deposit base is reasonable, in other words some $1.2 billion.

[Streuly] Could the illiquidity crisis turn into an insolvency crisis?

[Anidjar] Yes, but that is a long way off. What we have lost in lending capacity, in very rough figures, is seven or eight percent of deposits. I think that this is an adjustment. Companies are going to have to limit their volume of business and expansion in the short run in light of the new amount of credit heading their way.

[Streuly] If the crisis continues, how long can the system last?

[Anidjar] The level of reserves in the Argentine banking system is very high, because reserve requirements have been kept very high. Moreover, the Central Bank has ordered increases in minimum capital over the past three years. So what we have is a banking system that got into this situation because of an international psychological and political crisis, not because the solvency of the banks or illiquidity was a pre-existing factor.

[Streuly] Is there a danger that defaults could become too widespread?

[Anidjar] They have been spreading. The sharp drop in the total volume of credit, the fall in deposits, and the decline in reserves are going to push this indicator higher.

[Streuly] How many banks will there be on the local market by the end of the year?

[Anidjar] My answer would be, as many branches per capita as there are in Argentina. I think that given the level of monetization that we have today, the number is appropriate. But as to how many parent organizations there ought to be, I think that it could be the number we had before, or the one that some authorities have in mind. But I do not think that the number comes from any specific analysis. All countries with sound banking systems have a very high degree of monetization with respect to the GDP [gross domestic product]. Here there will be far fewer banks than last year. But I would not venture to give a number.

Subscribers to $1 Billion Argentine Bond Listed

PY2403232295 Buenos Aires BUENOS AIRES HERALD in English 22 Mar 95 p 7

[FBIS Transcribed Text] Argentine businessmen managed to complete the one billion dollars needed to subscribe the so-called Argentine bond, which President Carlos Menem will officially launch at a ceremony to be held at the Bolsa [stock exchange] today.

According to Perez Companc Vice President Eduardo Casabal, who released the information yesterday, "although only a few contributions remain to be formalized, we are in a condition to say that we have collected the one billion dollars."

The government is guaranteeing the bond and will allow subscribers to use the instrument to cancel tax debts should the government default. The general conditions of the domestic issue are that funds will be paid out as of April 1 in four monthly installments of 250 million dollars each. As of April 1, 1996, the Treasury must start repaying the loan quarterly payments. Interest rates applicable are Libor [London Interbank Offered Rate] plus three percent (currently some nine percent.)

Companies and the amounts each have agreed to subscribe (in millions of dollars) are listed below:

Car companies	100
Banco de Galicia	50
Banco de Credito Argentino	28
Banco Rio	60
Remaining ADEBA [Association of Argentine Banks] banks	132
Soc Commercial del Plata	10
Astra	10
EG 3	10
Telefonica	50
Telecom	40
Arcor	10
Perez Companc	50
Loma Negra	15
Bunge & Born	20
Massalin	50
IBM	25
Techint	20
BNL	30
Seguros Juncal	30
Philip Morris	30
Angencard	30
Bemberg Group	20
Cargil	10
Casa Tia	10

Fund Earmarks $2 Billion for Provincial Privatization

PY2503025995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1106 GMT 24 Mar 95

[FBIS Translated Text] Buenos Aires, 24 Mar (NA)—Horacio Tomas Liendo, the legal, technical, and administrative coordination secretary, has announced that the Trust Fund for Provincial Development has already been established. This fund will be initially used to grant financial aid to Mendoza and San Juan Provinces for the privatization of their state-owned banks.

Liendo reported that a trust fund contract has already been signed between the federal government and the provinces, by virtue of which the Argentine National Bank will be the trustee and the Secretariat for Banks, Finances, and Insurance will be the decisionmaking body for the allotment of funds.

The $2 billion trust fund, established with resources from loans granted by the Inter-American Development Bank [IDB] and the World Bank, will provide financial resources to those provinces that decide to privatize their banks and public utility companies.

Liendo explained that the possible bridge loan from the International Adjustment Bank of Basel, to be earmarked for the trust fund, will be deposited "in a special account at the Argentine National Bank, with separate bookkeeping" and will not affect the resources of that banking establishment.

The secretary said that "when we receive the disbursements from the IDB and the World Bank we will repay the bridge loans," adding that the money obtained from the Argentine Bond and its placement abroad will go to the trust fund to be allocated for private banks.

The executive board of the trust fund might be headed by Roque Maccarone, Economy Ministry secretary for banks, finances, and insurance, and include Provincial Aid Under Secretary Carlos Pezoa, Regional Economic Planning Under Secretary Carlos Baldrich, and Horacio Pericoli, an adviser to the cabinet.

Liendo further stated that "the [economy] minister (Domingo Cavallo) will come to a final decision in the next few days" on the trust fund for private banks.

He explained that "provinces and banks" will be entitled to receive resources from the trust fund depending on the financial position of provincial banks.

He added that the provinces that have already privatized their banks "will be entitled to receive up to 70 percent of the tentative price that public utility companies may fetch when privatized, and will be able to appropriate these funds for technical assistance" in putting the companies out to bid for privatization.

Liendo commented that the loaning of resources to Mendoza and San Juan Provinces for the privatization of their government-owned banks is under way.

Economy Official Describes 'Transitory' Tariff Increase

PY2503020495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1621 GMT 24 Mar 95

[FBIS Translated Text] Buenos Aires, 24 Mar (NA)—On 24 March, Trade and Investment Secretary Carlos Sanchez asserted that the tariff increase on foreign trade is a "transitory" measure geared to overcoming the financial crisis confronting the country.

During a news conference held at the Economy Ministry, Sanchez underscored that "these measures are not part of a trade strategy," but rather "have been adopted to come to grips with a serious crisis, which demands urgent and effective fiscal measures."

Sanchez stated that the 3 percent increase in the statistic rate levied on imports from countries outside Mercosur [Common Market of the South] and the reduction in drawbacks will enable $885 million to be raised in fiscal revenues.

The official stressed that these measures "are not definite," adding that the Menem administration's political intention is to enforce them "for only one year."

"They are instrumental in boosting tax revenues," he underlined.

Decree No. 389 signed by President Carlos Menem provides for a 3 percent increase in the statistic rate on imports from countries that are not Mercosur members, with the exception of capital goods, informatics, telecommunications, and fuel, besides the products included in the temporary admission system.

The trade and investment secretary further stated that the categories for imported goods having a higher rate than the common external tariff [CET] will be upped by two points, plus the 3 percent increase in the statistic rate.

Sanchez explained that of the 300 imported goods categories that Argentina has on exception lists within Mercosur, 100 are lower than the CET, and therefore must be gradually increased, whereas the remaining 200 must be lowered.

The objective is to have the CET on capital goods reach 14 percent by the year 2001, while the CET on telecommunications and informatics should climb to 16 percent by the year 2006.

The Menem administration also decided to reduce drawbacks up to a maximum of 5 points, establishing a 15 percent ceiling for tax refunds on exports of capital goods to countries outside Mercosur.

Moreover, drawbacks in general and tax refunds on exports of capital goods to Mercosur member countries will be cut from 15 to 10 percent.

Except for capital goods, which will remain at the aforementioned level, it has been established that drawbacks on exports to Mercosur partners will have been reduced to zero by the end of August.

Sanchez denied that these tariff modifications will bring about a decline in exports or modify the upward trend in exports prevalent since the second half of 1994.

He stated: "The levels of exports depend on several elements; drawbacks are only part of the whole process, and in some cases, not event the most important one."

The trade and investment secretary was of the opinion that the expansion of exports, which in the first two months of the year grew by 38 percent, is due to "substantial changes that are not fundamentally affected by the new tax regime."

'Violent Incidents' Mark Anniversary of 1976 Military Coup

PY2403223095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0020 GMT 24 Mar 95

[FBIS Translated Text] Buenos Aires, 23 Mar (NA)—On the eve of another anniversary of the last military coup, federal police, members of human rights organizations, and various political parties were today involved in violent incidents outside the Naval Mechanics School (ESMA) building during a rally called by the Mothers of Plaza de Mayo Association [Asociacion Madres de Plaza de Mayo].

About 30 Infantry Guard forces, wearing helmets and wielding sticks and tear gas launchers, harshly attacked a group of youngsters who were demonstrating there.

During the ruckus, journalists, photographers, and cameramen were also beaten by the policemen and had to disperse.

During the clashes the police detained a young man whose identity was not reported. The young man was taken to the 35th Police Precinct charged with "criminal offense, resisting arrest, material damage, and bodily injury."

Police sources also reported that two policemen were admitted to the Churruca Hospital with bruises they had sustained during the incidents.

The rally had been called by the Mothers of Plaza de Mayo to mark another anniversary of the military coup of 24 March 1976, which overthrew the government headed by Maria Estela Martinez de Peron, and to again request publication of the lists of people reported missing during the past de facto regime.

After the incidents had peaked and the demonstrators began to retreat, the policemen advanced in an orderly fashion and pursued them for two blocks, beating them with their sticks.

The violent incidents began when a group of policemen attempted to detain a 30-year-old demonstrator.

The young man resisted the policemen, who wanted to drag him into a prison van, and after some wrestling and shouts by Hebe de Bonafini, president of the Mothers of Plaza de Mayo, he was taken by the policemen to the iron fencing surrounding the ESMA building.

Pressed by the demonstrators, who wanted them to release the young man, the policemen responded by indiscriminately beating with their sticks those demonstrators who were closer.

Various water cannons dispersed the demonstrators.

During the melee a group of Infantry Guard forces forced the demonstrators who had participated in the forestalled rally to retreat for about two blocks. The incidents became dramatic when various demonstrators who were being pursued by the police attempted to cross the railroad rails as a train was approaching.

A few minutes later the police entered the Avenida del Libertador area, outside the ESMA building, and through a rapid and broad deployment prevented the demonstrators from entering the area.

The television camera crews and journalists who were present watched how a young woman who climbed onto the prison van's rear step was removed by a policeman who beat her violently with his stick.

Bolivia

Worker Unrest, Drug Issue Place Government in 'Crisis'

PY2403175295 Madrid EFE in Spanish 2129 GMT 23 Mar 95

[FBIS Translated Excerpt] La Paz, 23 Mar (EFE)—Worker demonstrations, particularly those by public teachers, and the difficulties caused by the drug enforcement program in view of U.S. economic pressures have submerged the Bolivian Government in a crisis.

In the last few hours, La Paz, the seat of the Bolivian Government, has been the scene of violent clashes between public education workers and the police.

In view of the public teachers' general strike, their demands and protest marchers, the Bolivian Government has described them as "Stalinists" and arrested their main union leaders. It has also harshly repressed street demonstrations.

Clashes between the police and teachers have also taken place in other cities, mainly in Cochabamba and Potosi.

Public education teachers demand an amendment to the Educational Reform Law but the government has refused to comply because it constitutes one of its major programs.

Moreover, the Bolivian Labor Federation (COB), the main national union organization, has severed its negotiations with the government and announced the staging of a nationwide general strike, in addition to other demonstrations and measures of force.

A few months ago the COB formally submitted a series of social demands, but it has not received any response from the government.

COB Executive Secretary Oscar Salas today warned that the labor sector will resort to all measures of force in view of the "lack of government attention to the workers' demands, the repression of the teachers' marches, and the arrest of teachers' union leaders.

Felix Santos, the General Trade Union Confederation of Bolivian Peasant Workers (CSUTCB) executive secretary, has announced that the CSUTCB has placed all peasants throughout the country on a state of alert and called for the establishment of roadblocks on all roads leading to La Paz.

Carlos De Chazal, president of the Bolivian Private Businessmen's Confederation, has warned that the current social problems are generating an atmosphere of uncertainty that might halt national and foreign investments.

Moreover, President Gonzalo Sanchez de Lozada believed it was timely to issue a communique denying an eventual cabinet reshuffle and reasserting his support for all cabinet members.

Coca farmers in the Chapare, located in Cochabamba Department in the central region of the country, constitute another group that is on a war footing. U.S. Government reports that are confirmed by the Bolivian Government assert that the majority of the coca production is used for the manufacturing of cocaine, and, therefore, is used by drug traffickers.

The Bolivian Government had promised the United States that it would eradicate a specific number of coca hectares per year in exchange for a large sum in dollars.

The U.S. Government has warned Bolivia that if it does not fulfill this commitment, it will not receive any economic aid. This may also result in the reduction of international financial assistance. This has been a source of alarm for the Bolivian Government and a cause for indignation among the opposition, which asserts that the U.S. pressures pose a threat to Bolivian sovereignty. [passage omitted]

Sanchez de Lozada Praises Banzer Proposal on Coca Growing

PY2403190395 La Paz PRESENCIA in Spanish 15 Mar 95 p 6

[FBIS Translated Text] President Gonzalo Sanchez de Lozada has praised the attitude of ADN [Nationalist Democratic Action] head Hugo Banzer, as well as his proposals with regard to the antidrug efforts. He pointed out that the Chapare coca growers have lost a good opportunity to voluntarily eradicate their coca plantations when there were funds to compensate them for it.

Upon arriving at La Paz airport after participating in the social summit held in Denmark, the president reported to the press that Banzer's proposal is important in the search for national consensus about the issue, and "shows a serious, sincere, and patriotic effort in cooperating to solve a problem that is common to all Bolivians."

In a declaration to the nation, Banzer has proposed returning to the system of economic compensation for the eradication of coca plantations that exceed the number allowed by the government. He also suggested the establishment of a high-level commission, the members of which will be elected by a two-thirds majority of congressmen, for the implementation of future antidrug plans that may arise from a national consensus.

President Sanchez de Lozada said: "The suggestion is good, the attitude better; it shows that we are progressing positively in our proposal to open a national dialogue."

The president hopes that the 15 March congressional session, which was summoned by the executive branch to debate the issues in light of the new deadlines established by the United States, "will be fruitful, because we Bolivians must understand that we cannot continue to depend on foreign help, and that the fundamental thing is that we learn to help ourselves." The opposition, however, announced its decision to leave the sessions if Foreign Minister Antonio Aranibar does not attend them. Aranibar cannot attend the 15 March session, however, because he is out of the country.

The president declined to comment on details of the suggestions made by his former electoral rival. He said, however, that his government is open to any suggestion that may help in finding solutions to the coca plantation problem. The president said: "We have always agreed about voluntary coca eradication. We have been calling for that for 18 months, but the problem now is that there are no more resources because the United States has suspended its financial assistance."

In Sanchez de Lozada's opinion, the Chapare peasants lost a great opportunity when there were still resources to compensate for the eradicated coca plantations. "When the resources were still there, the coca growers did not agree to eradicate their plantations," the president said.

Commenting on the issue, Communications Minister Ernesto Machicao said on 14 March that the executive branch has begun to make preliminary contacts with the mid-level leadership of parties, to prepare for a high-level political meeting.

The government spokesman pointed out that the political summit might achieve "auspicious results," as a result of initiatives such as Banzer's. He explained, however, that this meeting has yet to be scheduled.

Brazil

President Launches Agrarian Reform

PY2503002595 Rio de Janeiro Rede Globo Television in Portuguese 1724 GMT 24 Mar 95

[FBIS Translated Excerpt] Late this morning in Ceara, President Fernando Henrique Cardoso launched the national agrarian reform program. In this first stage of the program 940,000 hectares are being confiscated in 21 states to resettle 16,200 families. Today in Ceara, the president handed out property titles to 217 families who will be established in two settlements, Charneca and Barra do Feijao, 200 km from Fortaleza.

Before traveling to Ceara, President Cardoso criticized the speculators and politicians who are threatening the Real Plan. The president said this in Fortaleza this morning, during the closing session of the national meeting of education secretaries. [passage omitted]

Although President Cardoso has come to the meeting of state education secretaries to talk to them about the "Wake Up Brazil, It's Time To Go to School" program, he used the opportunity to criticize the politicians and speculators who want to place the Real Plan at risk. Rather than being ill mannered, they lack character, the president said about them:

[Begin Cardoso recording] It is regrettable that half a dozen speculators and some irresponsible politicians should place the Real Plan and the Brazilian people at risk just to appear in the press. What is happening is regrettable. This is not just bad manners, but lack of character. This means going against the basic interests of the country. They are using just any old pretext to cause a crisis that does not exist. But we will change Brazil. We will change the educational system, we will establish a land reform structure, we will change the health system, we will maintain the value of our currency, we will distribute wealth, and therefore I will not yield one millimeter to any shout or blackmailing attempt. But a person alone cannot change. Either we change together, or the people will be those who lose. [end recording]

[Sao Paulo AGENCIA ESTADO in Portuguese at 1756 GMT on 24 March adds in a report datelined Brasilia: "Irritated by the charges of information leaks from the Central Bank, President Cardoso referred, without actually giving their names, to Deputy Delfin Netto (Progressive Renewal Party-Sao Paulo) and Senator Jose Eduardo Dutra (Workers Party-Sergipe) during an impromptu speech he made when launching the Agrarian Reform Program in Ceara. 'It is inconceivable that a representative of the people, whomever he may be, either from the old, decayed right that in the past caused unhappiness to Brazil, or from the so-called left that has acted irresponsibly in the past few years, should make groundless charges against honest men like the members of the government economic team,' he said. As far as the president is concerned, Brazil must demand decency. 'Brazil must respect the men who really work, and not those who just work with their throats—throats that they often rent out, given that they say words that they do not even understand,' he said."]

Criticizes Hecklers

PY2503023095 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 24 Mar 95

[FBIS Translated Excerpt] President Fernando Henrique Cardoso has launched in Ceara State the national agrarian reform program, and again had to face demonstrations. The first one occurred last night in Fortaleza.

The sign everyone was waiting for was that the president had arrived. The CUT [Sole Workers Center] flags then began to wave, and the riot last night in Jose de Alencar Square began. The president said that the demonstrators were those who could not accept having been defeated in the elections.

Cardoso woke up today worried about politeness and good manners. When he addressed the secretaries, he warned that in some cases what is lacking is not politeness, but uprightness, and he gave examples. [passage omitted on previously covered material]

However, 200 km from Fortaleza, Mr. Francisco Maciel does not even know what the president is talking about. He is simply a farmer of beans and corn. For 47 years Mr. Maciel has been harboring a dream in his mind: to own a little piece of land. Today, however, was harvest day for Mr. Maciel and 217 other families. The 7,000 hectares of the Charneca and Barra do Feijao farms now have several owners. In the next six months each family will receive 1,100 reals [R]. The money will be used to purchase food as well as seeds for planting. From then on, they must ask the Lord to make rain fall on their land.

President Cardoso has come here to fulfill his promise of implementing the agrarian reform in the country. Before the end of his period in office, Cardoso wants to settle 280,000 families. Mr. Maciel has no doubts that he will do so, as the title on his land is in his hand.

In the middle of the farmers, however, last night's demonstrators could be seen. Ceara Governor Tasso Jereissati refuted the offensive words being yelled by the demonstrators. In the same tone of voice, President Cardoso said, about those who are interested in putting an end to the celebrations:

[Begin Cardoso recording] We have fulfilled our promises. [shouts heard from the audience] Brazil will change, and the minorities whom I have defeated at the ballot boxes will not prevent these changes from occurring, and these changes will be implemented here and now. I will not yield a single millimeter to demagoguery. [shouts from audience] I will not give in one single millimeter to privileged interests. We will denounce, as Tasso has just done, misbegotten relationships, dangerous relationships between a fake left and the stock market speculators. This cannot go on happening. [applause] [passage omitted covered by referent item] [end recording]

Cardoso also commented on the real:

[Begin Cardoso recording] The real is like the worker's calloused hands. It is the hand of the worker who is now convinced that he now owns the hoe and the land to use it on. The real has also been obtained in this way. It was obtained while I was still the finance minister. I had to fight against practically all odds, and against all of those who believe they are progressive people but are merely the vanguard of backwardness. [end recording]

About retirement, he said:

[Begin Cardoso recording] No one's retirement will be affected. All acquired rights will continue to be respected. All that is said against this is empty talk and idle gossip. [applause] [end recording]

Regarding the minimum wage, he added:

[Begin Cardoso recording] If Congress approves my proposal, the minimum wage will be increased to R100 on 1 May. This will be a real increase. This increase will be the result of hard work, and not of empty yelling or the easy applause of some who stand on a podium and irresponsibly promise heaven, while in reality they offer to the people the hell represented by inflation. [end recording]

President Fernando Henrique Cardoso is now holding a meeting with his entire cabinet. The goal of the meeting is to coordinate government actions seeking to defend the real and the constitutional reforms.

More on Demonstrating Hecklers

PY2403180795 Sao Paulo AGENCIA ESTADO in Portuguese 0157 GMT 24 Mar 95

[Report by Claudia Carneiro]

[FBIS Translated Text] Fortaleza, 23 Mar (AE)—President Fernando Henrique Cardoso today experienced the second popular demonstration against his constitutional reform proposals and was booed during his visit to this city. The demonstration provoked a clash between police and the demonstrators—students, striking workers, and ordinary people—outside the Jose de Alencar threater, shortly before Cardoso's arrival there to attend a ceremony to honor folk poet Patativa do Assare. At the entrance to the theater, the demonstrators booed Cardoso. At the end of the show, Cardoso said: "They are just the same desperate people who lost the election."

The Army forces and military police stationed in Ceara set up a tight security cordon around the Jose de Alencar Square in downtown Fortaleza, where the theater is located, to avoid demonstrations similar to the one staged in Rio de Janeiro a week ago. Half an hour before the ceremony started, nearly 100 demonstrators gathered at the square and began to shout slogans against Cardoso and Ceara Governor Tasso Jereissati. Wearing a headband bearing the words "Get Out, FH" and a T-shirt with the inscription "Social Security Is Not Private," 64-year-old retiree Maria de Lourdes de Paula was shouting: "The constitutional revision will be a coup."

The demonstrators consisted of activists of the Brazilian Union of Secondary Students (UBES), of the Union of Young Socialists (UJF) [Uniao Juventude Socialista], of the Sole Workers Center (CUT), and of the Unified Socialist Workers Party. Violence erupted when the demonstrators attempted to post a sign reading "No to the Constitutional Reform." Security personnel of the governor's office seized the sign and detained Francisco de Assis Diniz, president of the Ceara Metalworkers Union. For 15 minutes, everyone took part in a hand to hand fight and the Jose de Alencar square became a battlefield. Assis Diniz was taken to the Public Security Secretariat.

As the police were trying to force the demonstrators to move toward the Public Security Secretariat, the military police antiriot force arrived and repressed the demonstrators before Cardoso's arrival. A metalworker was also attacked by policemen. Despite the repression, the police did not succeed in preventing the demonstrators from booing Cardoso and Governor Jereissati throughout the entire show, staged by improvisers of short poems to pay tribute to Patativa do Assare, to whom Cardoso presented the Jose de Alencar medal.

Performing on the fancy stage were local improvisers, who included poems recited by Patativa. In their poems, the entertainers requested that the Brazilian Petroleum Corporation set up its new refinery in Ceara State, and voiced support for the Sao Francisco River irrigation project. They also defended the constitutional reform and the privatization of state-owned companies.

Closing the show, singer Fagner made a straightforward appeal to the president by saying: "Mr. President, the refinery must be set up here." After leaving the theater, Cardoso went to Jereissati's residence at Gutura beach for a private dinner.

President Orders Investigation of Breaking of Bank Secrecy

PY2403183995 Sao Paulo AGENCIA ESTADO in Portuguese 2320 GMT 23 Mar 95

[FBIS Translated Text] Brasilia, 23 Mar (AE)—In a demonstration of confidence in Central Bank President Persio Arida, President Fernando Henrique Cardoso today ordered the Central Bank to investigate the breaking of bank secrecy by three financial institutions—the BBA, Pactual, and ING banks. Senator Jose Eduardo Dutra (PT-SE) [Workers Party-Sergipe] reported on the recent exchange operations of these three banks, demonstrating, according to him, "evidence" of leaking of privileged information that allowed the bank owners to obtain millionaire-type profits.

"The president of the Republic cannot allow irresponsible or ill- intentioned accusations," presidential spokesman Sergio Amaral said. "The charges that were made are groundless," he said, a remark aimed at Senator Dutra. "Congress must control, watch, criticize, and investigate, but this must be done with responsibility," he noted. Pointing out the energetic attitude of the president, Amaral said that the information released in the Senate by Senator Dutra was "obtained in a fraudulent manner, causing disquiet in the financial market and creating anxiety regarding the Real Plan.

In his short briefing to the media early last night, Amaral said: "That kind of accusations do not serve the country. The public employee or whoever leaked that information has betrayed the trust the country bestowed on him." According to Amaral, the source mentioned by Senator Dutra, the Sisbacen [expansion unknown], cannot be accessed except through computer passwords. The information available to the public does not include the exchange operations of the three banks involved.

"It is time to end irresponsible, groundless accusations," Amaral said. "The Central Bank president has once again clearly demonstrated that the charges against him are baseless."

Finance Minister on Recovering Exports, Exchange Reserves

PY2403232495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Mar 95 p B4

[Report by correspondent Reali Junior from Paris]

[FBIS Translated Text] Finance Minister Pedro Malan said that Brazilian exports are beginning to recover, and that significant, record high increases have been reported in January and February this year as compared to the same months of previous years. He said that the measures adopted to deter imports have had positive results, and that should this trend persist "those who speculated on a rise in demand will lose."

Asked how he expects to reconcile the goal of reducing consumption with that of lowering interest rates, as the Central Bank president announced in the Senate, Malan said the government also seeks to reduce interest rates, but declined to elaborate. He noted, however, that the issue entails a question of timing.

Malan admitted that the government used its exchange reserves to balance its current accounts late in 1994. He said this is normal practice in several other countries, as long as the reserves are used within certain limits. He believes that, to a certain extent, the foreign currency reserves of a country should not be considered to be untouchable because "no country will panic only because its reserves have dropped a little." In his opinion, a drop in foreign currency reserves would be dangerous if it is a brutal one.

Asked if Brazil is prepared to weather other currency storms, which are often independent from its will or influence, by using its exchange reserves as it did recently, Malan said that Brazil could act in that manner in light of the size of its reserves and of the measures it adopted earlier. He noted that he is promising that the Brazilian trade balance will be positive by the end of this year taking into account the package of measures adopted in the past, which are now beginning to yield results.

In his talks with Hans Tietmeyer, president of the Bundesbank, in Frankfurt, and with Jean Claude Trichet, president of the Bank of France in Paris, Malan exchanged ideas about the possible participation of certain emerging countries, Brazil included, in defensive mechanisms against speculative movements through a concerted effort of the central banks of developed countries. These central banks have an informal system for evaluating economic situations.

Official: Privatization Moving at 'Slow Pace'

PY2403193295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Mar 95 p B5

[Report by Denise Neumann]

[FBIS Translated Text] Elena Landau, director for infrastructure and privatization at the National Bank for Economic and Social Development, yesterday admitted that the federal government's privatization program is moving at a slow pace. Upon reporting that the privatization process has thus far taken an average of 629 days from the start of the process to the auction of stocks, she said: "The pace is not an ideal one." She said the government continues to study the possibility of regulating the use of social funds in the privatization process of state-owned companies.

For instance, guaranteed bonds could be issued under the FCVS [Compensation Fund for Salary Variations] and the FGTS [Severance Pay Fund], which are known as social currencies [moedas sociais]. Landau also reported that social security changes will result in higher liabilities as a result of the acquired rights due to workers. She said these liabilities could be converted into guaranteed bonds. In a lecture at the Sao Paulo State Federation of Industries, Landau said: "This is a particularly significant issue because it will allow the participation of employees in privatization programs."

If the government decides to make a decision in this respect, social currencies will be used already for the privatization of the Power Services, Inc., this year. Landau confirmed that the Espirito Santo Power Plants, Inc., and the Meridional Bank will be privatized in 1995, that minority stocks in petrochemnical companies will be sold, and that the Federal Railroad System, Inc., will be leased.

PT's Lula, Allies Oppose Breaking of Government Monopolies

PY2403194395 Rio de Janeiro O GLOBO in Portuguese 23 Mar 95 p 4

[FBIS Translated Text] Brasilia—Opposition parties (PT, PDT, PC do B, PSB, PPS, and PV) [Workers Party, Democratic Labor Party, Communist Party of Brazil, Brazilian Socialist Party, People's Socialist Party, and Green Party] yesterday decided to raise the level and tone of their criticism of the government. In a meeting held yesterday, bloc leaders of these parties in the Chamber of Deputies and PT President Luiz Inacio Lula da Silva decided to ask for an auditing of social security accounts. They also decided to vote against the government's proposed amendments to break the monopoly of Petrobras [Brazilian Petroleum Corporation], the government's monopoly over telecommunications, and the monopoly that Brazilian ships have over cargo transported from one Brazilian port to another.

Lula said: I believe this is normal. We have remained quiet since the new government took office. Now, however, we have realized that the measures it is proposing will make things worse.

Lula said the above meeting marked the resumption of a coordinated action among the opposition parties in

Congress. In his opinion, the government should have started reform proposals with the tax proposal, instead of submitting the proposed economic amendments first. Because the opposition parties consider it impossible to propose amendments to the government proposals to break monopolies, they will just reject these proposals.

Lula added: By proposing the economic measures, the government is paying the debts it assumed during the electoral campaign. I cannot understand why the government began its reform porposals by submitting the one on economic amendments. We oppose these amendments.

The opposition parties believe that the government's proposal on social security will not improve a single item of the current system. Thus, they will propose amendments and will ask that the government open its social security accounts. According to Lula, the data supplied by Social Security Minister Reinhold Stephanes are not reliable, and only an audit will show the true situation in the social security area.

Lula said: It will not suffice to hear ministers because none of them have proven that their figures are accurate. We may be watching a repeat of what happened during the electoral campaign: They are showing us everything that is good, while they are hiding everything that is wrong. He was thus paraphrasing former Finance Minister Rubens Ricupero during the presidential campaign.

'Text' of Provisional Measure Creating Export Incentives

PY2503020195 Sao Paulo AGENCIA ESTADO in Portuguese 1423 GMT 24 March 95

[FBIS Translated Text] Brasilia, 24 Mar (AE)—President Fernando Henrique Cardoso today authorized publication in the DIARIO OFICAL of Provisional Measure No. 948 establishing fiscal incentives for exports. Herewith the text of the measure:

Provisional Measure No. 948, issued on 23 March 1995.

This measure regulates the creation of a presumed credit on the basis of the industrial products tax (IPI), for compensation of PIS/Pasep [Social Integration Program/Government Employees Welfare Fund] and Cofins [Social Investment Contribution] contributions, for specific cases. This measure also establishes other provisions.

The president of the Republic, by virtue of the powers bestowed upon him by Article 62 of the Constitution, hereby puts into force the following Provisional Measure:

Article 1—Manufacturer-exporters of locally made goods will be entitled to a presumed credit based on the IPI, as a compensation for the contributions set forth in Supplementary Laws No. 7, dated 7 September 1970, No. 8, dated 3 December 1970, and No. 70, dated 30 December 1991. Such contributions affect the respective purchases, on the domestic market, of raw materials, intermediate products, and packaging materials for use in the manufacturing process.

Article 2—The basis for calculation of the presumed credit shall be established by applying—to the value of purchases of the raw materials, intermediate products, and packaging materials mentioned in the previous article—the percentage rate corresponding to the export revenue-total operational revenue ratio of the manufacturer-exporter.

Single Paragraph—The fiscal credit will result from the application of a 5.37 percent rate to the calculation basis established in this Article.

Article 3—For the purposes of this Provisional Measure, the total operational revenue, the export revenue, and the value of raw materials, intermediate products, and packaging materials will be calculated in keeping with the terms of the regulations applying to the contributions referred to in Article 1, taking into account the value of the respective fiscal bills issued by suppliers to the manufacturer-exporter.

Single Paragraph— Income Tax and IPI laws will apply to the concepts of total operational revenue, total production revenue, and value of raw materials, intermediate products, and packaging materials.

Article 4—In cases of the confirmed impossibility of use by manufacturer-exporters of the presumed credit as compensation for the overdue IPI on domestic market sales, compensation will be made in local currency.

Article 5—The possible return to the supplier of the amounts received as payment for the contributions mentioned in Article 1, as well as the credit compensation, shall entail immediate registration by the manufacturer-exporter of the accounting record.

Article 6—The finance minister will issue the necessary instructions for compliance with the provisions of this Provisional Measure, including those dealing with the requirements and time periods for calculation and disbursement of presumed credits and respective compensation and for defining the export revenue, and with the fiscal documents attesting to the accounting records registered by the manufacturer-exporter.

Article 7—The executive branch will within 90 days submit to Congress a bill providing for the budget allocation for compensating the tax revenue reduction caused by this Provisional Measure.

Article 8—The actions undertaken under the terms of Provisional Measure No. 905 dated 21 February 1995 are hereby declared invalid.

Article 9—This Provisional Measure shall come into force on the day of its publication.

[dated] Brasilia, 23 March 1995
[signed] Fernando Henrique Cardoso

Pedro Malan, minister of state for finance

Chile

Explosives Found in High Security Prison

95SM0240A Santiago EL MERCURIO in Spanish 22 Feb 95 pp C1, C8

[FBIS Translated Text] Ammunition and explosives were confiscated by police personnel following searches inside the High Security Prison, where 80 "high risk" convicts are currently housed.

The situation became known through a brief official statement issued by the prison itself. It is the first time in the prison's one year of operation that a failure in its control system has ever been disclosed.

It was explained that the first two shells were discovered last 16 February at around 1900 hours in the so-called "Fire Zone" (the last stage before reaching the prison's outside wall in which the prison gate is located).

The ammunition—38 caliber—was contained in a plastic bag.

The discovery led to an inspection of the prisoners and the outbuildings of the prison. Five bullets for a 7.6 mm caliber pistol were found in a cell that contained two prisoners.

Meanwhile, another prisoner was caught with a piece of detonating cord and explosive material in his clothing and shoes.

The police authorities refused to provide any details concerning the identity of the prisoners who were caught during the operation.

They pointed out that transporting or possessing the above-described materials is a serious violation of the law. The prisoners who were implicated were given 30 days of solitary confinement as punishment.

This disciplinary measure is prescribed in the regulations governing penal institutions, subject to a review of the case by the criminal court having jurisdiction and the appropriate authorities.

The high security prison went into operation on 20 February of last year and has a capacity of 120 prisoners.

The prison currently houses 80 prisoners, most of whom have been convicted of crimes of terrorism. The remainder have been convicted of common crimes and identified as leaders of violent gangs.

The police have had to apply sanctions to the inmates because of their continuing refusal to use the visiting room of the prison.

These restrictions were applied to extremists such as Guillermo Ossandon, the supreme leader of the Lautaro movement, and Sergio Buschmann, who was prosecuted for illegally bringing 50 tons of weapons into Chile in 1986.

These prisoners have charged that the prison system violates human rights. They have accordingly staged various protest actions, including a hunger strike led by twelve of their number.

The purpose of the visiting room is—by the use of a thick pane of glass—to prevent any direct contact and thereby prevent the possible transmission of any objects such as weapons or explosives, as occurred in this instance.

The explosive materials and ammunition that were seized were presumably introduced into the prison through the only direct contact that the inmates have with their visitors. These visits take place once a month with their wives and once a week with their children.

It was stated that because of the seizure of this material inside this special prison, there will be a review of both the method and the means of contact that the inmates have with the outside world, in order to prevent any further introduction of weapons or explosives.

PPD Leader on Military Budget, Lagos

95SM0240B Santiago LA NACION in Spanish 11 Feb 95 p 11

[Interview with Vicente Sota, president of the Chamber of Deputies and member of the Party for Democracy, PPD, by Juan Andres Guzman in Valparaiso; date not given]

[FBIS Translated Text] Sota is serving out the last days of his term as president of the Chamber of Deputies: in March he must turn over the chair and gavel to the Socialist Jaime Estevez. Because he wants to leave everything in good order and because he has undoubtedly come to love his job, Sota is the only member of Congress who has not disconnected his cellular phone and put on his swim suit. He still occupies his office in the Congress, because he is concerned about two things: the 10 percent of [the proceeds from] Codelco's [Copper Corporation] sales that winds up in the hands of the Armed Forces, and the war between Peru and Ecuador.

The Peru-Ecuador conflict has made him consider the need for convening a Latin American disarmament conference.

[Guzman] Do you believe the military would agree to any disarmament plan, which would obviously be accompanied by a reduction in their personnel and in their budget?

[Sota] The fact is that our resources must be used rationally. The United States and European countries have all decreased and rationalized their military expenditures. Here in Chile, however, 57 percent of the budget of the FFAA [Armed Forces] is spent on personnel. This is wrong. Moreover, the Army itself talks about the need for modernizing, and that would necessarily involve rationalization.

[Guzman] What is the need for modernizing?

[Sota] What is certain is that the military budget is very badly distributed: currently, 41 percent goes to the Army, 38 percent to the Navy, and 20 percent to the Air Force. Before the dictatorship, the Navy and Fach [Chilean Air Force] received a larger percentage. This distribution does not correspond to any strategic plan but is the result of the power relationships that arose within the military government.

[Guzman] Then the proposal to replace the 10 percent of the proceeds from Codelco's sales that go to the Armed Forces is linked to rationalization of the military establishment?

[Sota] Unquestionably. And I believe they realize that Codelco cannot be required to lower its costs if it has to pay this tax.

[Guzman] The Army apparently does not like the idea at all.

[Sota] Nobody likes to have his budget tampered with. We need to understand, however, that this extraordinary contribution is a commitment that will continue until after the year 2000. In other words, we have a considerable debt because of this item. What we need to decide now is whether we have to continue adding to our debt. I think not.

[Guzman] Will this be the right moment to propose a rationalization plan?

[Sota] I do not know. We are still not very far removed from the era of the military government, and some believe—mistakenly—that I, and those who think as I do, have revenge in mind.

[Guzman] Considering the possibility of an international conflict, is not the war between Ecuador and Peru causing you to rethink your proposal?

[Sota] The conflict that those countries are experiencing was caused by the absence of any agreement establishing the borders. Chile, on the other hand, is a good example of how these problems can be resolved peacefully.

[Guzman] I asked you that question because of the statements made by the Venezuelan foreign minister, who expressed concern that the conflict might spread.

[Sota] There would be no reason for that to occur. Ridiculous accusations—such as those appearing in some Argentine media organs that blame Pinochet for the conflict between Peru and Ecuador—could give rise to new difficulties. In any case, we must fulfill our role as guarantors.

[Guzman] In any event, Chile's position is a complex one. Our country has an unratified treaty with Peru and agreements with Ecuador concerning arms sales.

[Sota] These problems do indeed exist but should not affect Chile's role. Remember that the Armed Forces take their orders from the executive branch. The causes of the conflict between Peru and Ecuador are political in nature, and both governments share responsibility. I would rather not say any more on this subject, however.

Ricardo Lagos

[Guzman] Then let us discuss the dual party affiliation of Ricardo Lagos. If he runs for president of the PS [Socialist Party] should he resign from the PPD, as Patricio Hales did?

[Sota] Ricardo is perfectly able to belong to both parties; and as a member of the PS, he has a perfect right to run for a seat on its central committee.

[Guzman] Would the same be true if he ran for president of the PS?

[Sota] That is quite another thing. In any event, there is no possibility of that occurring. What I am telling you is that he has a perfect right to run for a seat on the central committee.

[Guzman] Are these commentaries a reaction to Lagos' activities with respect to the issue of the prisons for military personnel?

[Sota] This matter has already been discussed very frankly within the PPD and has been completely resolved. I believe that he who is without sin should cast the first stone.

[Guzman] Some on the PS side are casting stones. Can you explain to me how two parties that have had strong differences can generate a common program?

[Sota] But our differences are not so great. You will see that we are going to combine our votes in favor of the participation of private capital in the public health enterprises. Our differences of opinion serve a useful purpose.

[Guzman] Then your quarrels of last year were of purely minor significance?

[Sota] Absolutely. The basic problem was actually the fact that Frei's program was carried out by technicians rather than by the leaders who were involved in the campaign, so that the program did not spell out exactly what was needed, and we must do so now that we are the government. That was the origin of the differences.

[Guzman] But there are some problems that have not been resolved. Schaulsohn said that Lagos should not make decisions that could commit the entire party.

[Sota] The two men have already resolved that matter between themselves.

[Guzman] The issue that is still pending is the control that the PPD has over a man whom they call the leader of the sector.

[Sota] There was control on that occasion. There was self-control too, because Lagos knew what his responsibility was. It was, moreover, for the best. I have no doubt that after what happened, the president and the interior minister will take Lagos' political views into consideration.

CUT's Rozas on Trade Negotiations

95SM0240C Santiago LA NACION in Spanish 5 Feb 95 p 22

[Interview with Maria Rozas Velasquez, second vice president of the United Workers Confederation, by Carmen Paz Rodriguez; date and place not given]

[FBIS Translated Text] Maria Rozas Velasquez is tired these days of repeatedly having to answer the same question: Would you agree to run for president of the CUT [United Workers Confederation]? In the opinion of this 38-year-old elementary school teacher—a Christian Democrat and a trade unionist to the very core, who was born in Santiago and grew up in Puerto Montt—this question presupposes an electoral attitude that in reality does not exist within the labor federation.

As head of the Teachers Association since 1986 and second vice president of the CUT since 1991, she is currently serving as deputy to CUT president Manuel Bustos.

Maria Rozas is "qualified" in other respects to run for that office. She put her life on the line during the dictatorship, and as a result was arrested by the CNI [National Intelligence Center]. That is now past history, however. Today she has turned the page of history, and in her capacity as the first woman in Latin America to head a labor organization, she does not rule out the possibility of becoming president of the CUT. She says she is qualified.

She insists, however, that this is not the moment for making decisions. She feels tired, because in her efforts to make the voice of the workers heard in the the labor disputes and negotiations with employers and with the government itself, she has not taken a vacation in two years.

[Paz] How do you think the men of the CUT would like to have a woman president instead of Manuel Bustos?

[Rozas] To many of them the idea is earthshaking, because a woman in the CUT is undoubtedly somewhat difficult. It is much more difficult than being a woman deputy, senator, or political leader, because it is a very macho environment. But if you are able to demonstrate that you are doing well, I believe it would open the way for many women.

[Paz] Will you run in the election?

[Rozas] My ego tells me it would be delighted, and as a woman I would be too. But there comes a moment when one must think things over carefully and choose from among one's personal and professional options. That is what I am doing now.

[Paz] In other words, you have not decided....

[Rozas] I am too tired to decide now. Moreover, I have seen the tribulations that Manuel is having to endure. It would mean living four years amid disputes and negotiations. The choice is either that, or devoting some time to your own life.

[Paz] Let us talk about other negotiations. The CUT initially joined the NAFTA committees, then withdrew, and has now returned. In short, what is your position?

[Rozas] It is impossible today to swim against the current, and no one can deny that a process of internationalization of the economy is taking place that encompasses the entire world. Chile has two alternatives: to shut itself off, be left with a very small market, and be absorbed by the great powers, on the one hand, or integrate into these new scenarios. The CUT cannot be opposed to these new scenarios. Moreover, the government has already made its decision.

[Paz] But the CUT did not seem to share this very broad vision at the time your people withdrew from the committees.

[Rozas] What we criticized was the fact that Chile had opened its market to this process of internationalization without safeguards of any kind. Moreover, even before entering into these treaties formally, our country is already experiencing negative processes.

[Paz] Such as?

[Rozas] The closure and bankruptcy of various industries in the textile and manufacturing sector. This is caused basically by a level of competition that is quite unfair, because Chile has no safeguards of any kind and has an open economy without any subsidies or clauses to protect Chilean products from those that enter the country.

[Paz] Last week your people accepted the government's offer to join a committee to establish the terms of the negotiations with NAFTA. Did they "turn a deaf ear" to the situations to which you refer?

[Rozas] These treaties produce two effects. One is clearly negative, because there are sectors in which foreign products capable of adversely affecting Chilean products will enter with much greater force. At the same time, however, there are other sectors in which the demand for labor will increase enormously. Sectors such as wine production that formerly did not have access to the Asian market will now have access. This will create an increased demand for labor and ultimately create jobs in that sector.

[Paz] What will happen to the workers in those sectors that will be adversely affected?

[Rozas] There will of course be unprofitable sectors. This will cause a large number of workers with specialized skills to lose their source of employment. They will have to become skilled in other sectors. That is why we should emphasize the issue of worker retraining. The problem, however, is not one of resources or of the existence of training courses: it is rather that the workers are going to be three or four months retraining themselves without having anything to take home. In this regard, something that we have been urging insistently has now become absolutely essential, and that is unemployment insurance.

[Paz] What was the specific reason your people returned to the committees? What was the motive for the reconciliation?

[Rozas] We had disagreed with the manner in which the preliminary processes were carried out, because there was insufficient discussion and the nation as a whole was not made fully aware of the pros and cons of the issue. Decisions were made in private, and our participation was never taken seriously. Moreover, the government initially projected an image of absolute success, and no one was concerned about holding down the costs of negotiating with "the big shots." After that, however, there was a change in attitude that was reflected in the labor reforms, which although they were not what we had wanted can be improved by Congress.

Colombia

15 Regional Prosecutors Charged With Corruption

PA2603032195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 26 Mar 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] It is certain: No government institution seems to be free of corruption. Today, the Prosecutor General's Office announced measures to control this phenomenon, which has taken on unexpected levels within the institution itself.

Today at noon, it was confirmed that more than 15 regional prosecutors have been removed from their posts following charges of corruption. Armando Sarmiento, chief of the nation's prosecutors, made the announcement.

[Begin recording] [Sarmiento] There are prosecutors who are facing charges and against whom arrest warrants have been issued. They have been removed from their posts.

[Unidentified reporter] Approximately 15 of them?

[Sarmiento] I believe more than that. [end recording]

In addition, the Prosecutor General's Office dismantled a band of extortionists, comprising policemen and Sijin members [Metropolitan Judicial and Investigative Police] who were headed by a regional prosecutor in Valle del Cauca.

[Begin Sarmiento recording] The truth is that based on the investigations conducted so far, we can say this prosecutor's conduct was absolutely scandalous. [end recording]

The method used by this prosecutor, who currently remains at large, consisted of ordering raids against individuals having criminal records and then extorting money from them based on the results of the operations. Sarmiento said this prosecutor also is suspected of planning the murder of another member of the institution.

Raids on Cartel Properties Continue; Findings Detailed

PA2503200095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 25 Mar 95

[Report by Orlando Guerrero, from the "Seven O'Clock Newscast"; passages within quotation marks are recorded]

[FBIS Translated Text] Police activities in the last few days have become frenetic. Operations against drug trafficking cartels not only in Cali but also in other Valle del Cauca cities have been frequent. Today Santa Fe de Bogota was surprised by massive searches in the downtown area. These searches were led by the commanding police generals.

Pedestrians who were today in downtown Santa Fe de Bogota were surprised not only by the search by police but also by the person who was among those conducting the operation: the National Police director general himself, Rosso Jose Serrano.

Indeed, the police director, wearing fatigues, decided to face common crime in Santa Fe de Bogota.

[Serrano] "We want to raise the citizens' awareness so that the police can provide the security Santa Fe de Bogota residents enthusiastically want. This is a new awakening, so we are once more seen on the streets. We, policemen, must be on the streets, not the office."

The operation yielded some results. About 146 people were temporarily detained, and authorities seized 16 pistols, 28 revolvers, several shotguns, and 86 knives.

The operations center was set up at El Rosario Plaza, where computers and specialized personnel established the identity of those arrested and their criminal background. In the searches, authorities also seized drugs and recovered stolen vehicle spare part.

[Serrano] "We are facing a cartel, the cartel of car thieves."

The operation conducted on all fronts personally by the seven police generals and one colonel will conclude at midnight today.

In Cali, which was visited today by the president, the raids against different buildings allegedly belonging to powerful members of drug trafficking mafias continued. Coupled with the visit paid today by President Ernesto Samper to the city of Cali, the Search Bloc intensified in this city its operations to arrest drug trafficking leaders. One of these operations was carried out in this building called El Mundo de los Ninos, where a real estate company apparently belonging to Jose Santacruz Londono operated.

Although the president refused to comment on these raids, military authorities stated that the operations are being carried out thanks to recent intelligence work.

[Armed Forces Commander General Camilo Zuniga] "The objective of the Joint Special Command is to combat drug trafficking in all its forms wherever it may be. Logically, that being our objective, we hope to achieve results."

At the same time, the Army and police have implemented security measures here in Cali to avoid public order disturbances.

[Mario Galan, 3d Army Brigade commander] We are carrying out operations to control weapons, vehicles, and persons."

Finally and thanks to the intelligence work carried out by the Army, the "Seven O'Clock Newscast" learned that the operations will intensify this weekend in Jamundi and other parts of Valle del Cauca Department.

The continuing operations against the Cali Cartel are bearing fruit. Little by little, authorities are beginning to find out details of the enormous economic power of drug trafficking mafias, which has gone from myth to a horrid reality.

This letter found by authorities in yesterday's raids uncovered some of the undertakings of the Cali Cartel. In a document obtained by the "Seven O'Clock Newscast," Miguel and Gilberto Rodriguez Orejuela asked for explanations from the Board of Directors of the Cajica Cartodromo Company, because despite owning a large percentage of stock, they were not called upon to be board members.

Some until today unknown photos of Jose Santacruz Londono were also found during the raids. In one of them, he was seen with his female companion and in another watching some horses.

But what has impressed authorities most is the discovery of a chart showing the branches of at least 40 cartel companies. According to the document, the cartel owns stock in airlines, car dealerships, plastic factories, and private security companies.

The Search Bloc also found evidence of the impressing financial power of the cartel. It has financial accounts in at least 11 European countries in amounts exceeding $35 million each.

Authorities finally detected the participation in several undertakings of important men in the cartel structure, such as (Fanora de Izabaleta Arsayuz) and (Helmer Herrera Buitrago).

Police Continue To Search for Cali Cartel Kingpins

PA2703043095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 27 Mar 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] The police today continued combing, raiding, seizing, and arresting people in Cali. They are looking for drug kingpins. According to police, the one that was about to be nabbed today, but escaped by a hair, was not Chepe Santacruz Londono, but, rather, his colleague Pacho Herrera.

At 0808, authorities received a call that placed the Search Bloc on alert. Francisco, a.k.a. Pacho, Herrera Buitrago, one of the alleged chieftains of the Cali Cartel, was said to be in the Ensueno de Versalles Building located in the city's northern area. At 0815, when authorities arrived at the site, they found the nine-story building to be completely deserted.

In the penthouse, which has a bunker featuring armored security systems and closed-circuit television, authorities found documents and buy-and-sell invoices in the name of Ramirez, Abadia, and Co. Four imported vehicles were seized during the operation. According to investigators, Cali Cartel chieftains have used this building as a temporary residence.

Security Bolstered To Fight San Andres Trafficking

PA2603030195 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2330 GMT 25 Mar 95

[Report by David Marmolejo]

[FBIS Translated Text] Colombia today adopted a series of strategies to fight drug and arms trafficking in Colombia's Caribbean waters, announcing an increase in maritime and air surveillance in the area. Defense Minister Fernando Botero traveled today to San Andres Island in the Caribbean accompanied by officers of the Military High Command. There, he announced that the Armed Forces will implement new strategies.

Here are details of what is the most important news of the day in Colombia—the measures adopted by the government to combat drug and arms trafficking in San Andres.

Colombian military forces will cover all fronts to combat narcotics trafficking in the area of San Andres Island, as well as to combat gunrunning. The new measures, which include a ban on San Andres residents carrying weapons, go into force at 2400 tonight, as announced by the government in this region of the country.

Meanwhile, the Administrative Department of Security, DAS, has announced it will increase its presence to improve its work in light of these new strategies. A greater number of intelligence personnel will be deployed to help successfully implement these measures. In statements to Caracol, DAS Director Ramiro Bejarano said:

[Begin recording] [Bejarano] We are in the process of increasing our fighting strength. Moreover, we are working to improve our equipment to conduct intelligence work on the island.

[Unidentified reporter] [Words indistinct] those people arriving illegally on the island?

[Bejarano] We are carrying out immigration control work, as everyone knows. We are maintaining controls over the arrival of foreigners. We also are deporting people we learn are residing illegally here in this part of the country. [end recording]

Meanwhile, Real Admiral Sergio Olivero Castro, commander of the San Andres and Providencia Command, said operations conducted by the Coast Guard Command and the speedboats assigned here will not only combat drug and arms trafficking, but also will serve to oversee that tourist cruise liners observe provisions regulating the navigation of the Colombian archipelago. He also spoke to Caracol about these measures.

[Begin recording] [Olivero Castro] Well, generally speaking, the Coast Guard is not only responsible for preventing drug trafficking, but also for maintaining physical security at sea, environmental protection, and other duties. The Coast Guard [words indistinct] carried out these missions. There has been a reduction in maritime traffic, especially boat traffic. The Coast Guard, as well as the other units and helicopters we have in the area, has brought the situation under control.

[Reporter] Have any boats or ships been seized?

[Olivero Castro] So far, we have not seized any boats, because we have not caught anyone with drugs or weapons, which are grounds for seizing boats. We at the Admiralty have, so to speak, issued warnings to pilots and captains to ensure that they observe all of the regulations on maritime traffic and security at sea. [end recording]

Defense Minister Fernando Botero is slated to set sail tomorrow at 0630 on the corvette A.R.C. Antioquia. While aboard the vessel, Botero will tour Colombian territorial waters in the Caribbean and observe the Coast Guard team and Colombian Air Force planes as they carry out control measures against drug and arms trafficking in the archipelago.

Defense Minister Reviews Operations

PA2703043295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 27 Mar 95

[Report by Oscar Galvez from the "AM/PM Newscast"]

[FBIS Translated Text] Around San Andres Island, our land, air, and, of course, naval forces combed territorial waters and airspace today in a reaffirmation of our sovereignty. The defense minister, who attended a ceremony there, once again vowed the archipelago will not continue to be used by drug traffickers.

In the Caribbean Sea, facing the Nicaraguan coast, our forces exhibited their control over our territorial waters and reasserted our sovereignty in the area today by opening a Coast Guard station on San Andres.

The San Andres station has begun operations to control the trafficking of drugs, chemical substances, and weapons. Missile corvettes, submarines, patrol ships, speedboats, and helicopters are included in naval operations now under way around San Andres.

The Coast Guard operation is one of the measures adopted yesterday by the national government to combat drug traffickers and gunrunners that operate on the island. The corvettes and submarines will ply the surrounding Caribbean waters on a 24-hour basis, searching for ships used to traffic drugs.

[Begin Defense Minister Fernando Botero recording] With these actions, the national government is giving an emphatic no to drug trafficking activities on San Andres. All necessary measures are being taken to eradicate this scourge from the island once and for all. [end recording]

So far this year, the Navy has intercepted three ships transporting cocaine.

'Offensive' Against Valle del Cauca Cartels Continues

PA2603185995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 26 Mar 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] Yesterday it was called Operation Dignity, today it is called Operation Frost, tomorrow it will be some other name, but what the police are really sure of is its obsession to capture the so-called Cali Cartel. Today, operations continue toward this end.

The offensive against the drug cartels that operate in Valle del Cauca continues: This morning, 15 clandestine landing strips were destroyed in Andalucia and Obando, as part of Operation Frost, conducted by troops belonging to the Cartago Antinarcotics Command. Similarly, 200 containers with chemicals to process alkaloids were destroyed after they were found in an area farm.

Military To Support Spraying Operations

95WD0226A Santa Fe de Bogota EL TIEMPO in Spanish 9 Mar 95 pp 1, 8A

[Article by source editor Alirio Bustos: "The Army in Drug Crop Zones"]

[FBIS Translated Text] Counterguerrilla troops and patrols from other military forces will in the future support the operations of the Antinarcotics Division of the National Police in zones where illegal crops are being grown under the protection of guerrilla fronts and columns.

The plan is for the military to carry out preliminary sweeps and patrols in regions targeted for spraying. Once control of a zone has been established, the airplanes and helicopters of the antinarcotics force will do their work.

The decision to undertake joint operations—making it possible to attack the guerrilla fronts and the drug traffickers simultaneously—is a product of a new government strategy. However, according to highly placed official sources, there are obstacles to be overcome in the operational sector.

According to high-ranking officials, it is important to bear in mind that the presence of military patrols will not in itself guarantee safety for the spraying process. In some cases, the sweeps, patrols, and establishment of control over land areas will require complex operations.

These and other points have already been discussed in a number of meetings attended by representatives from the command levels of the police and military forces and Fernando Botero Zea, minister of defense.

In fact, joint operations were carried out yesterday in the eastern part of Cauca. An army counterguerrilla commando unit swept a sizable zone, and antinarcotics personnel then came in and destroyed 20 hectares of poppy fields—about 120,000 plants.

"The counterguerrilla units established control, and after guard posts and battle positions had been established with a view to repelling any future attacks, airplanes flew in and sprayed without incident."

With the new plan, it is hoped that the Army can continue its frontal battle against the guerrilla forces, while at the same time supporting the shock policy for the eradication of drug crops, a highly placed source in the police said.

The new strategy will strengthen three others initially implemented by the Antinarcotics Police. These provided for the mobility and movement of military companies, the constant rotation of bases among the affected zones, and the efficient use of the aerial equipment, which is sometimes assigned missions other than spraying.

Using the initial strategy, after a drug crop, laboratory for the processing of narcotics, or clandestine landing strip have been located, army counterguerrilla patrols will begin operations in the delimited zone.

The patrols will then proceed to cordon off the area in order to determine whether any narcoguerrilla forces may be present. In this way, the Army confronts the criminals and maintains its presence in the zones affected by subversion.

Once the operational site is cordoned off, the Antinarcotics Police can more safely come in to spray crops and destroy clandestine landing strips and drug laboratories.

"With this procedure," a source said, "it is possible to guarantee the safety of the antinarcotics personnel and the aircraft."

The objective for the future will be to reduce the use of airplanes to protect the others doing the spraying, and to assign these support aircraft to other areas for spraying.

Last year, the police had to deal with more than 30 attacks by drug traffickers and guerrillas in zones in which the ELN [Army of National Liberation] and FARC [Revolutionary Armed Forces of Colombia] columns had become strong.

In addition, six antinarcotics helicopters that were engaged in drug-crop detection and destruction operations have been attacked thus far this year. Two were totally destroyed, three were put out of service, and one was damaged but has been repaired.

"One risks one's life when carrying out a simple spraying operation in a helicopter that is not armored," an operational officer in the Guaviare zone stated. "Moreover, repairing an aircraft can cost up to $450,000, and no funds are available," this source concluded. It has also been possible to establish that the narcoguerrilla forces are offering to pay up to 250 million pesos per helicopter shot down.

On 16 February, the FARC shot down a National Police helicopter near Puerto Asis (Putumayo), killing Captain Jose Acosta Suarez, gunner Alexander Arcila Arango, and assistant Clemente Ospina.

EL TIEMPO has been able to establish that a shipment of weapons and operational systems, including external cargo apparatus so that larger quantities of implements can be transported by the helicopters, arrived in the country last Monday.

President Ernesto Samper Pizano has established a deadline two years hence by which the 60,074 hectares planted to coca, poppy, and marijuana crops should be eradicated.

According to a report on the antinarcotics operations carried out by the Army, Air Force, DAS [Administrative Department of Security], and National Police, 4,682 hectares of drug crops were destroyed in the first two months of the year.

If this average were maintained—which would require additional resources—28,092 hectares could be eradicated in 1995; and by the end of 1996, a total of 56,184 hectares would be destroyed. This would mean achievement of 90 percent of the goal set by the government.

Task Force Raids Santacruz Londono Offices

95WD0233A Santa Fe de Bogota EL TIEMPO in Spanish 18 Mar 95 p 7A

[FBIS Translated Text] Cali—Yesterday, at least 70 men from the Cali Joint Task Force concentrated their operations in southern Cali. There, a raid was conducted on two offices owned by the presumed drug trafficker, Jose Santacruz Londono, and located in the exclusive Ciudad Jardin shopping center at the intersection of Highway 106 and Cascajal Avenue.

The operation began at about 1400 hours, when the Task Force members cordoned off three blocks around the shopping complex, entering offices 201 and 202. They are situated on the second floor of the building, where department stores and travel and tourism agencies operate.

Until late at night, the members of the Special Joint Command inspected the documents and computer diskettes found in the offices. The information gathered is expected to reinforce the battle against the economic structure of the region's drug traffickers.

This center was said to have been built about two years ago, with a three-story structure. It was further learned that the shopping complex is located diagonally across from a residence belonging to Jose Henao Montoya, who has been investigated for presumed illicit amassment of wealth. Henao is a brother of Lorena Henao Montoya, wife of the self-confessed drug trafficker, Ivan Urdinola.

Jose Santacruz, considered by the DEA as one of the Cali Cartel's leaders, was nearly captured last Thursday, during a Task Force operation carried out at the El Ingenio housing subdivision.

Meanwhile, combined Army and police units set up several checkpoints on the thoroughfares in this section of the city. The authorities reported that yesterday's operations, and those conducted on previous days, made it possible to recover 30 cars, many of which had come from Venezuela.

Among the cars seized were several Mercedes Benz, BMW, Toyota, and Honda models, worth approximately 1.2 billion pesos. Also retrieved were 15 motorcycles and parts of disassembled vehicles.

Furthermore, as Colonel Argemiro Serna, the Metropolitan Police commander, indicated, about 10 persons were detained for their presumed link with the purchase and sale of these components.

On the other hand, Colonel Hermisio Sanchez, chief of staff of the Army's Third Brigade, announced that two cocaine processing laboratories were dismantled in Cauca.

In the village of Santa Helena, in the Corinto jurisdiction of the department's northern section, the counterguerrilla Aguila Company seized nine packages of lime, potassium permanganate, 14 pounds of caustic soda, and 32 pounds of marijuana and coca leaves. There were no reports of anyone captured.

Similarly, in the village of San Ignacio in the municipality of Buenos Aires, the Military Police battalion discovered seven microwave ovens for cocaine processing, 209 jugs of acids, and tanks containing liquid components.

Santacruz Londono Evades Capture in Raid

95WD0233B Santa Fe de Bogota EL ESPECTADOR in Spanish 18 Mar 95 p 11A

[FBIS Translated Text] Santa Fe de Bogota—Jose Santacruz Londono, identified by Colombian and international authorities as one of the seven leading men in the Cali Cartel's chain of command, succeeded in evading the cordon set up by the Cali Joint Task Force early last Tuesday morning.

Everything had been prepared for what was to be the major operation that would make it possible to capture Santacruz Londono, whose trail the CEC [Special Joint Command] had been following for several weeks in the Valle del Cauca capital.

The information conveyed by the task force established that the drug trafficker was located in a house at the intersection of Highway 84 and 17th Street, in the El Ingenio district.

At 0200 hours on Tuesday, several blocks around the aforementioned premises were cordoned off by the Army's Special Joint Command, but Santacruz managed to escape 10 minutes before the raid.

Unofficial sources noted that the capture of "Chepe" Santacruz was foiled because the residence at which he was located lacked a street listing: a factor that obstructed the task force's work.

Other accounts indicate that one of his bodyguards surrendered voluntarily during the operation, to put the authorities off the track. The fact is that Santacruz escaped, apparently in a white Mazda.

Found in the building were personal items, articles of clothing, slippers, coded messages, a personal computer, and a revolver marked with his name, which he was using as a paperweight. Also discovered were several photos of him, in which he appears a little heavier, with gray hair. A watchman at the house was detained there.

Cali Task Force Operations Continue Apace

95WD0234A Santa Fe de Bogota EL ESPECTADOR in Spanish 13 Mar 95 p 9A

[FBIS Translated Text] Cali—On Saturday night, over 100 men from the Special Joint Command or Cali Joint Task Force participated in the disarming operation mounted at various points in the Valle del Cauca capital, thereby achieving a reduction in the crime rate.

Soldiers "with face paint," Metropolitan Police units, and chattering guards established mobile checkpoints in key sections of Cali, to carefully inspect documents and vehicles.

Cali's entrances and exits were taken over by the authorities. Unlike its appearance on other days, the city seemed calm, with less traffic than on other occasions. The Cali Joint Task Force set up a checkpoint opposite the old German High School on Fifth Street, one of Cali's busiest thoroughfares. The participants attracted attention with their outfits: camouflaged uniforms and painted faces.

One of the drivers remarked: "They looked like a scene from long ago in Cali that we would only see in the movies, but now they are here. And, although they are causing a little inconvenience, we must realize that they are doing their job, and the least we can do is to cooperate with them."

According to the reports, a considerable number of weapons and vehicles with unclear documents were seized. However, as was noted, not one of the so-called key men in the Cali Cartel was captured.

Cali's entrances and exits also were monitored by the police and the traffic guards who, besides demanding documents, gave alcohol tests to the drivers as well.

Thus, since last week the Valle del Cauca capital has had to become accustomed to the different checks imposed by the authorities, in a renewed effort to restore calm to the city.

Meanwhile, the Cali Joint Task Force's commander, Colonel Misael Murcia, with the cooperation of the police director, General Rosso Jose Serrano Cadena, continued to head the work aimed at locating the brothers Gilberto and Miguel Rodriguez Orejuela. They are identified by the security agencies as the supreme leaders of the so-called Cali Cartel.

The operations carried out last Saturday for that purpose were witnessed by Defense Minister Fernando Botero who, upon his return to the capital of the republic, appeared gratified by the enthusiasm and dedication shown by the specialized units in their search work.

It should be mentioned that the national government will begin a new advertising campaign to encourage citizens to cooperate in locating the Mafia leaders.

This campaign includes the airing of televised notices offering generous rewards to persons who provide information that proves useful for capturing the members of the criminal organization.

New Court President on Guerrilla Crimes

95CA0166A Santa Fe de Bogota EL ESPECTADOR in Spanish 10 Mar 95 p 9A

[Article by staff writer Sandra Sanchez]

[FBIS Translated Text] Santa Fe de Bogota—The Colombian guerrilla movement cannot expect that, based on the peace dialogues held with the national government, the justice system will "waive" the atrocious crimes that it has committed. Or, at least, it cannot count on the Constitutional Court's consent for allowing those acts to be left unpunished.

According to that body's new president, Magistrate Jose Gregorio Hernandez Galindo, the jurisprudence is clear: atrocious crimes cannot be the object of amnesties and pardons.

Thus, in his judgment, the peace dialogues proposed between the government and the groups that have taken up arms already have parameters well defined by the high court, through its jurisprudence.

In an exclusive interview with the newspaper EL ESPECTADOR, the jurist explained: "The Constitutional Court has found the possibilities of dialogue viable from a constitutional standpoint." The high court has even "found the mechanisms of amnesty and pardon possible as well."

Nevertheless, the Court itself made it clear that those benefits are in order only "provided that they are not applied to atrocious crimes."

Consequently, according to the new president of the high-ranking body, "The Court has, for example, maintained that the crime of kidnapping is an atrocious crime, and in those cases, an amnesty or pardon—which are benefits allowed for political crimes—could hardly be fitting."

As Hernandez Galindo put it: "In combat, torture, and cruel and inhuman or humiliating treatment do not appear to me as possible objects of amnesty or pardon, because they are crimes against humanity."

In any event, it is obvious that, as Magistrate Hernandez Galindo admits, the guidelines serving as the basis of the negotiations to be held with those who have taken up arms must be set by the national government. They must also be in accordance with standards such as the principles established in Geneva Protocol II.

Magistrate Hernandez Galindo declared that, in fact, the text of the law is being reviewed by the Constitutional Court, to determine its feasibility.

'Yes to Tutela'

The Court's new president also discussed the benefits of action for "tutela" [a challenge by a citizen to an infringement of constitutional rights]. He defended this mechanism as a "formidable instrument" for implementing the values and principles established in the Political Charter.

According to the magistrate, fundamental rights of citizens are constantly being violated, not only by the authorities, but also through acts attributable to private individuals.

There Is No Congestion

Although the figures show that over 870,000 actions for "tutela" have been brought before the republic's various judges, and 15 percent of them have been reviewed by the Constitutional Court, this does not mean that the justice system has been congested by this mechanism.

Magistrate Hernandez Galindo claims that this is proof of its effectiveness, and of the need to establish a speedy mechanism that will afford ordinary people access to justice.

In the new official's view, there is an urgent need to initiate readjustments in the regulations governing "tutela."

"This is an issue on which it is up to the Congress of the Republic and the national government to decide," maintained the jurist. At the same time, he stressed: "In doing so, they must take into account the jurisprudence of the Court, which has already established the parameters on the legal justification and scope of action for tutela.'"

After admitting that this is not an undeferable matter, Hernandez Galindo declared that, although the Court could submit a draft law on the subject, "It has not done this, among other reasons, because, since it is statutory, its text must be subject to review by this body itself."

Finally, the high-ranking official underscored the progress made in the Political Charter of 1991, and questioned the "subversive proposals" made when certain sectors do not share the court's pronouncements on the prevailing status of fundamental rights.

Ecuador

Army Officer Denies Attack on Peruvian Patrol

PA2403191395 Quito Voz de los Andes in Spanish 1700 GMT 24 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuador today denied that Ecuadoran forces attacked a Peruvian patrol in an undelimited jungle area, as a Peruvian military communique affirmed. What we know is that a Peruvian patrol entered a minefield, but at no time did we attack it, a high-ranking Ecuadoran Army officer said.

Peru reported today that a patrol was attacked by Ecuadoran troops on Wednesday when it was deactivating mines in the border conflict zone. A communique of the Peruvian Sixth Military Region, headquartered in the border area of Bagua, stated that the Peruvian troops were attacked in the Tiwinza area while they were deactivating mines that endangered their supply route. It said approximately 15 men were in the Ecuadoran patrol. According to the communique, six Peruvians were injured, and one soldier was killed by the explosion of a grenade.

The high-ranking Ecuadoran officer said that the Peruvian patrol entered and fell into the minefield, adding: At no time did we attack it.

Ecuador and Peru were involved in armed confrontations over nearly 34 days in an area of their joint border. At this time, observers of the guarantor countries are in the area to achieve a demobilization and demilitarization of the forces.

Government 'Categorically' Denies Attack

PA2403195595 Madrid EFE in Spanish 1901 GMT 24 Mar 95

[FBIS Translated Excerpt] Quito, 24 Mar (EFE)—The Ecuadoran Government today categorically denied Peruvian Defense Ministry reports about an alleged attack on Peruvian soldiers by Ecuadoran patrols in an undelimited area of their joint Amazon border.

National State Communications Secretary Enrique Proano told EFE that he "categorically denies this information." He said the denial is based on military sources that "avow that it is not true that an incident occurred yesterday, this morning, or any time."

"Ecuador respects the Itamaraty Peace Agreement and its confirmation by the Montivideo Declaration. It has not violated the cease-fire," Proano stressed.

He added the observers of the guarantor countries (Argentina, Brazil, Chile, and the United States) are near the conflict zone and they are "witnesses that there has been no incident." [passage omitted]

Minister Admits Arms Purchase To Defend Country

PA2603195295 Quito Voz de los Andes in Spanish 1230 GMT 26 Mar 95

[From the "The Voz Andes Newscast"]

[FBIS Translated Text] Defense Minister General Jose Gallardo has affirmed that arms had to be purchased to defend the country from an attack by Peru. After the undeclared war in the Cenepa river valley, Peru has no further room for easy adventures because both the Ecuadoran Armed Forces and the people are alert to a history of many deceits, Jose Gallardo Roman said.

When asked about military expenditures, Minister Gallardo disclosed that mobilization expenses are not high. We have had to acquire some war materiel because the country faces, today more than ever, serious threats.

Referring to defense results in the Cenepa valley, Gallardo said that the military success, in faithful compliance with its duty, is undeniable and that never again will be the Ecuadoran people be humiliated or let territory be taken from them.

Supreme Court Chief Justice Urges Peace With Dignity

PA2503181695 Quito Voz de los Andes in Spanish 2300 GMT 24 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Chief Justice Miguel Macias Hurtado, of the Ecuadoran Supreme Court, has said that there must be mutual concessions in the negotiation process between Ecuador and Peru, otherwise there will be no possible solution to the border dispute that has dragged on now for decades. In an interview with the news media, Miguel Macias Hurtado, a member of the National Security Council, said that the two sides would have to approach the talks with a wish for peace with dignity. He quoted former President Velasco Ibarra, who first mentioned the annulment of the Rio Protocol, after which he described an honorable transaction. This meant giving up certain rights in exchange for a final solution.

Congress President Heinz Moeller called the presence of guarantor nation observers and the progress made in the peace process that has began in the conflict zone encouraging. However, he believes that Peru has shown no willingness to fulfill the Itamaraty Agreement, later confirmed in Montevideo. In light of this, we must stay alert and trust in our Armed Forces by way of national unity. Heinz Moeller said that a state of alert means that the Armed Forces must be ready to defend the national territory. He also announced that the nation's financial authorities will brief the national congress on the cost of national defense operations during a special session next week. Heinz Moeller concluded by stating that Ecuador will not be pulled into a weapons race, as announced by Peru, as it is confident in the role the guarantor nations are playing in attaining a lasting peace.

Police Commander Declares Alert Along Colombian Border

PA2503031495 Paris AFP in Spanish 2100 GMT 23 Mar 95

[FBIS Translated Text] Quito, 23 Mar (AFP)—General Miguel Rosero, Ecuadoran Police commander, said Thursday the institution has declared a maximum alert and has tightened security along the Colombian border to forestall possible attacks by guerrillas of the Colombian Army of National Liberation (ELN).

Speaking to reporters, the officer said the necessary precautions have been taken at the Colombian border, following Colombian Defense Minister Fernando Botero's charge that the ELN is seeking to stage armed attacks to destabilize the border with Ecuador.

It was learned in Quito that Botero told a Santa Fe de Bogota magazine recently that Colombian guerrillas want to stage an attack on the Ecuadoran side similar to that staged recently along the Venezuelan border, where a river post was attacked and eight Venezuelan Marines were killed.

The Colombian minister said that "in the past few days we have intercepted ELN communications stating attacks were to be staged both in Venezuela and Ecuador." He said Quito authorities had been advised to tighten security along the Colombian border.

Regarding a possible attack by the ELN against Ecuadoran positions, the defense and government (interior) ministers and the Police have taken the necessary measures of precaution, Deputy Government Minister Roberto Paissailague has said.

Meanwhile, General Rosero said "there is a maximum alert in the provinces of Esmeraldas, Carchi, and Sucumbios (on the Colombian border)."

"We are alert to the situation, and each Police command has been informed. All units and garrisons in the border provinces have been reinforced," he added.

Guarantors' Economic Interests, Impartiality Viewed

95SM0254A (Internet) Ecuador Foreign Ministry Gopher in Spanish 21 Mar 95

[Commentary by Milton Alava Ormaza from Guayaquil EL UNIVERSO 20 Mar 95: "Hostages of the Guarantors?"]

[FBIS Translated Text] Beyond the mutual advantages of Peru and Ecuador in maintaining bilateral, border, and interregional commercial relations, we Ecuadorans have also concerned ourselves with the economic relations we have or should have with the so-called guarantor countries of the Rio Protocol, ever since our government's adherence to that instrument.

Paradoxically—and despite the fact that during the cold war, we sometimes made common cause with the nonaligned countries and even with the Socialist countries against intervention by the United States in other regions of the world—we do not hide our impatience over the alleged tardiness of the U.S. government in halting Peru's aggression. It became known that that government believed Ecuador to be the aggressor—or at best, that it did not believe in the real outbreak of an actual war, but rather of low-intensity "skirmishes." However, there were those who maintained that the tepid reaction of that great power in coming to our assistance—because that is what was involved—was to be attributed to our bad behavior with Texaco, which began petroleum operations in the Eastern part of Ecuador, in contrast to the substantial investments that U.S. companies have made recently in Peru; or that we have not purchased armaments from them, or to the blessed anti-imperialist mural that Guayasamin painted in the principal chamber of the National Congress.

We really cannot complain about Chile, because the all-powerful General Pinochet, overlooking how badly he was treated by the Borja government, did not delay in affirming his support for us, even before Fujimori made his sensational disclosure that during the 1970s the Peruvian military had been preparing an attack on that country. For that reason, the Armed Forces of Ecuador have maintained a strategic collaboration with the Chilean Armed Forces. However, it was a propitious occasion to learn that, as part of Fujimori's privatization campaign, Chilean capitalists have invested about $200 million in Peru without hindrance.

For its part, Argentina assumed an attitude of expectant neutrality that, in practice, was not favorable. Germanico Salgado, whose economic research on trade between Peru and Ecuador was referred to in our article of 13 March, maintains that the integration of Argentina and Brazil within Mercosur put an end to the traditional Lima-Buenos Aires axis. Argentine firms have done profitable business in our country in recent years; and if that did not suffice, shortly after the ceasefire, the international press reported on traffic in arms from Argentina passing through Venezuela, bound for our country.

There is a major mystery regarding Brazil. The Cardoso government acted diligently in promoting the meeting of the guarantors in Rio and Brasilia to put an end to the armed conflict. But while Cardoso recognized rather eloquently Ecuador's right of access to the Amazon, a Brazilian general assigned to the border as an observer paid warm tribute to the valor of the Peruvian soldier in armed combat. The truth is that Peru, as well as Ecuador, has volunteered to assure Brazil a direct outlet to the Pacific and has taken specific steps toward that end.

In conclusion, the hypothesis to be formulated is the following: the two countries in dispute may have turned themselves involuntarily into hostages of the guarantors, to whose interests, which will not be easy for them to satisfy, they may have tied themselves, and only the pope can save us.

Early Resolution to Conflict Urged

95SM0254B (Internet) Ecuador Foreign Ministry Gopher in Spanish 20 Mar 95

[Commentary by Raul Gangotena Ribadeneira from Guayaquil EL UNIVERSO 20 Mar 95: "From Drifting to Shipwrecking"]

[FBIS Translated Text] The United States State Department official who represents his country to the guarantors of the Rio Protocol has expressed an important opinion. He has stated that the territorial conflict between Ecuador and Peru cannot be allowed to remain unresolved, as happened in 1981.

Furthermore, even more important, the persistence of the possibility of a new conflagration seems to be unacceptable to Ecuadorans and Peruvians, according to public opinion polls. It will not be easy, therefore, for citizens of the two countries to tolerate their governments shaming them by again leaving the problem to drift. It is true that the unfortunate military conflict of 1995 has awakened old resentments, but the overwhelming yearning for a definitive solution constitutes a powerful force for neutralizing these rancors.

Being realists, it is necessary that we take into account that the performance of the Peruvian Armed Forces has been called into question. To regain prestige, they are already using the abundant resources generated by the extraordinary economic growth that Peru has been experiencing—almost 10 percent annually in gross domestic product—for military rearmament. As a consequence, at a certain point—not very distant—those Armed Forces will be forced to demonstrate with results the benefits of this lethal "investment."

The seeds of a tragedy of great dimensions are being sown, therefore, if the governments once more leave the problem unresolved.

This would not affect only the contenders of 1995, but would tend to spread, because all of the neighboring countries would be forced to enter the arms race. All of those "investments" would also have to show results. As a result, almost all of South America could turn into a battlefield over the medium term, with an astronomical cost to the people, costs and suffering for which governments could not blame the guarantors or the international organizations.

It is evident, therefore, that the governments of Ecuador and Peru have a heavy historic responsibility at this moment, and as we live in the electronic age, events occur with a speed previously unimaginable. A spreading of tension could come about in a few years. The arms merchants and drug dealers would take charge of stirring them up, as it seems they have done on this occasion.

It is urgent, therefore, that these respected leaders hasten to bring about a solution before conditions become consolidated for a generalized tragedy. The people's opinion presses for a solution. In Ecuador, 73 percent of the people believe that the border problem should be resolved by means of a negotiated solution. It has also approved the government's decision to accept the validity of the Protocol of Rio de Janeiro as the only juridical instrument of internationally recognized validity.

In practical terms, it is not a matter of years. Months will be enough for the peoples and governments of the guarantor countries to become bored by the recurring obstacles and delays of Peruvian diplomacy. Someone aptly observed that the period during which a definitive solution is feasible is between the end of the Peruvian electoral campaign and the beginning of the Ecuadoran campaign. This means, put plainly, between April and December 1995. If, following that period, we continue to drift, the ruin of both countries could occur. But the vortex could draw in many nations in America.

Editorial Views UN Summit as Short on Action

95SM0255A (Internet) Ecuador Foreign Ministry Gopher in Spanish 21 Mar 95

[Editorial from Guayaquil EL UNIVERSO 21 Mar 95: "The Summit Against Poverty"]

[FBIS Translated Text] Countries like ours that are on the road to development have followed attentively the more important discussions and proposals that emerged from the meeting that brought 120 government delegations to Copenhagen.

But their conclusions in general did not raise significant hopes. The meeting did not usefully describe how to increase the cooperation and timely collaboration of those countries with the resources to facilitate completion by the weaker nations of programs to improve nutrition or child care, or to meet concerns over international crime.

While it is true that almost all of the factors of poverty stem from causes that were aggravated by errors and gaps in administration, political corruption, and the incompetence and insensitivity of certain leaders, today, assistance must be immediate and concrete to those countries governed by democracy and justice, to overcome the difficulties that stop development.

But perhaps the absence of significant action in this conference may be of use for the representatives of the developing countries to understand more clearly the great responsibility which is theirs: to correct everything that prevents their administrators from obtaining better results from policies of service and activities that benefit the neediest sectors. These will become bases for development, if they are looked after in a timely manner.

And the countries of greater industrial growth must increase the half-hearted measures they employ to maintain the balance of nature, because accelerated world contamination causes injuries that are harmful for everyone, but especially for those countries that lack effective means of sanitation and public health.

The United Nations, since it conducted the summit meeting on the situation of children in the world, and then the conference on the environment in Rio de Janeiro, runs the risk of falling into programs limited to rhetoric and of lacking the mechanisms to take significant action.

The meeting in Copenhagen should revive in each government the necessary consciousness to protect their resources and to adopt suitable social policies.

Conade Secretary on Normalization' of Economy

95SM0242B Guayaquil EL UNIVERSO in Spanish 13 Mar 95 p 2

[Unattributed article: "The Economic Program Will Return to Normal"]

[FBIS Translated Text] Quito, 13 March 1995 (NOTICIA)—The package of economic measures adopted by the government to deal with the crisis caused by the Peruvian military aggression will enable the government's macroeconomic program "to return to normal," according to Conade [National Council for Development] Planning Secretary Marcela Proano.

Proano declared that the Peruvian aggression had come at a time when "the nation's economy was stabilized." Despite this fact, she said, the aggression has caused Ecuador to revise the program for 1995 without abandoning its "basic objective of continuing the macroeconomic stabilization in accordance with the reality of conditions."

She explained that "the stability that has been achieved is giving rise to a gradual growth of the economy."

She emphasized, however, that the readjustment has been made because the conflict has necessitated certain unforeseen expenditures. As a result, she added, the economic authorities are already contemplating the reduction of spending for investment and for current expenses.

Proano stated that in making their investments, the authorities are able to move within a maximum range of 1 percent, which means that a projected growth rate of 4 or 5 percent for 1995—yielding a GDP for the year of almost 44.8 trillion sucres—would probably translate into an impact of between 300 and 400 billion sucres.

She did not appear to be pessimistic about the immediate future of the economy, because, she said, in order to cope with an economic shock [preceding word in English] we must be prepared and must strengthen the economy. By chance, she said, we were fortunate enough to be confronted with this conflict at a time when the economy was stabilized.

This opportunity to take measures to restore equilibrium and permit the growth of the economy is important, Proano said, and she therefore acknowledges the validity of the transportation tax.

Austerity in current expenditure, she said, is an important consideration at a time when disposable funds will be in shorter supply in the public sector. All of this is generating measures that will restore normal conditions for the program, and the stability thus created will in turn generate steady growth.

Emetel's Management Plan for 1995 Outlined

95SM0242A Guayaquil EL UNIVERSO (MUNDO ECONOMICO SECTION) in Spanish 7 Mar 95 p 1

[Unattributed article: "Emetel's Management Plan"]

[FBIS Translated Text] Pending congressional approval of the new Telecommunications Law, Emetel's [State Telecommunications Enterprise] management has developed seven programs for implementation as part of the so-called Management Plan for 1995, which provides for extensive coverage at the national level.

The first program relates to the international telephone system. It provides for expanding the existing main telephone exchange in Guayaquil and the Guayaquil S/T [telephone system]; digitizing the Quito S/T; interconnecting the land network with Colombia and Peru; and installing the Panamerican cable.

With respect to the national telephone system, the plan calls for expanding the transit exchanges and the land transmission network, and for initiating the fiberoptic project that will link Quito and Guayaquil.

With respect to local and rural telephone service, Emetel will build an external plant of 500,000 lines; install the internal plant that has been contracted for; acquire and expand the newly created local service; and initiate the rural telephone project.

Provision is also made for a program of rural transmission systems, which means continuing the Domsat [Domestic Satellite System] project; executing the contract with F. Ropana and the project with funds from Canada; developing the third stage of the rural project; digitizing the Galapagos B/T [expansion not given]; and installing the low-capacity transmission facilities.

The new services contemplated in the management plan will include all contracts signed with private companies for modernization of the system.

There is also a program for improving the quality of service. It provides for reconstructing the Guayaquil external plant (75,000 lines); conducting an inventory of the Guayaquil and Quito external plants; establishing the objectives with respect to the quality of service; making improvements in the ARP [expansion not given] exchanges; inspecting the existing situation with respect to networks and traffic; implementing the special services; and making changes in the switchboards of the operators.

The final program calls for developing managerial capability, which necessarily requires a budget for administrative expenses and financial control.

Peru

Fujimori on SL Arrests; Minister on Safeguarding Elections

PY2403145195 Lima Global de Television Network in Spanish 0130 GMT 24 Mar 95

[FBIS Translated Text] President Alberto Fujimori today made an important announcement. He reported the arrest of four important members of the Shining Path [SL] leadership currently headed by Comrade Feliciano. Fujimori said that among those arrested is Margie Evelyn Clavo Peralta. She ranks number two in the dissident SL group, which is in the process of becoming extinct. The president reported that 16 other terrorists were arrested in separate operations conducted yesterday in several parts of the country.

Moreover, in reference to this important arrest, Interior Minister Juan Briones Davila has said that the Armed Forces are prepared to safeguard the upcoming elections, scheduled to be held on 9 April.

[Begin recording] [Fujimori] We are speaking about the arrest of an important person. She has been identified as Margie Clavo Peralta. If you would give me the picture, please. She is the sixth person in this picture, extracted from the Zorba the Greek videotape.

She has held progressively higher positions within the so-called SL emergency central committee headed by Feliciano, and ranks number two after Feliciano....

[First unidentified reporter, interrupting] What were her duties?

[Fujimori] She was a political commando because Feliciano is a military commando. She was arrested yesterday, but....

[Reporter, interrupting] Arrested under what circumstances?

[Second unidentified reporter, interrupting] Are reports about [words indistinct] true?

[Fujimori, interrupting] ...She was arrested at a rented house. In addition, the following members of this so-called SL central committee were also arrested: Olivares del Carpio, an economist, SL national coordinator and perpetrator of the most recent SL attacks; Rodolfo Cardenas Ruiz, aka Gabriel, a member of the Huallaga military command; and Rodolfo Martinez Munoz, also a SL central committee member, and a member of the Cangallo Victor Fajardo political command.

It is known that this so-called SL central committee is comprised of 10 SL members. We have arrested four of these 10 members. In addition, we were also able to arrest 16 other terrorists. This is an important achievement on the part of Dincote [National Counterrorism Directorate]....

[Third unidentified reporter, interrupting] Mr. President, when will these people be presented to the press?

[Fujimori] Excuse me?

[Reporter] In which cities were they arrested, and under what circumstances?

[Fujimori] Well, one was arrested in Callao, another in Huancayo, and the others in several other cities. Margie Clavo Peralta was arrested in Lima.

[Several questions indistinct]

[Fujimori] We are following his footsteps. We are staunchly combating terrorism. This is an outstanding achievement allowing us to envision that a definitive peace in Peru is close at hand.

[Briones Davila, in progress] ...with this arrest—well, not only with this arrest, but through a series of recent actions—we will be able to guarantee the safety of all people, not only the safety of the candidates, but of all citizens in general, and also guarantee the normal development of the elections. [end recording]

Defense Ministry Reports Attack by Ecuadoran Patrol

PY2403131295 Lima America Television Network in Spanish 1215 GMT 24 Mar 95

[FBIS Translated Text] We have received a very early report from the news agency ANDINA on an attack by an Ecuadoran patrol on Peruvian military troops. The report states:

The Defense Ministry has reported that an Ecuadoran patrol attacked Peruvian troops in False Tihuinza, and as a consequence of the confrontation, six Peruvian soldiers were injured.

The attack by the Ecuadoran patrol took place while Peruvian soldiers were dedicated to deactivating mines planted on the supply route in the Peruvian zone, according to an official communique issued by the Defense Ministry, which we will now read for you.

Defense Ministry official Communique No. 01:

The Sixth Military Region wishes to inform the public of the following:

1. On 22 March 1995, at approximately 1300, Peruvian troops deployed to the zone of False Tihuinza, at the source of the Cenepa River, while in the task of neutralizing Ecuadoran mines that could jeopardize the supply route, were attacked at the place known as Cota 1322 by an Ecuadoran patrol comprising some 15 men.

2. The attack was immediately repelled, and the results of the confrontation were as follows:

a. 2d Lieutenant Alberto Acosta Galli received shrapnel wounds in the right leg and arm.

b. five soldiers sustained sharpnel wounds.

3. The delegation of military observers in Ecuador and Peru have been informed about these incidents through their representatives at Watch Post 1.

4. Troops of the Sixth Military Region, aware of the need to prevent any action that might thwart the implementation of the Itamaraty Peace Agreement, and following express orders from their commanders, are exclusively limited to defending themselves when attacked by Ecuadoran Armed Forces, as happened in this case.

[Signed] Information Department of the Sixth Military Region

[Dated] El Milagro, 23 March 1995

Separation of Forces with Ecuador To Begin 'Next Week'

PY2403192995 Madrid EFE in Spanish 1547 GMT 24 Mar 95

[FBIS Translated Text] Lima, 24 Mar (EFE)—Argentine Colonel Jorge Gomez Pola, chief of the Observers' Staff, reported today that the separation of the Peruvian and Ecuadoran forces who are face to face in the Condor Mountains will begin next week.

In remarks to the Peruvian press, Gomez Pola said that the separation will be put into effect thanks to the fact that Peruvian and Ecuadoran military officials have handed over to the observers all the necessary information to that effect.

Gomez Pola also read an official communique issued by the Commission of Peruvian-Ecuadoran Military Observers (MOMEP) [Comision de Observadores Militares Ecuador-Peru], which is headed by Brazilian General Candido Vargas de Freire, who also stressed the "cooperation" of the two countries in conflict.

The communique states that "studies carried out on the reports sent by the parties concerning the localization of their troops, weapons employed, existing heliports, and other aspects already allow the MOMEP to prepare detailed plans for the beginning of the separation of forces."

The Argentine colonel said afterward that the separation of the forces confronting each other will begin next week, according to the Lima newspapers.

The communique stresses the "exceptional cooperation" rendered by Ecuador and Peru in providing the requested military data, "which very clearly shows the objective of fulfilling the agreements signed before the guarantor countries" of the Rio de Janeiro Protocol of 1942 (Brazil, Chile, the United States, and Argentina).

The guarantors declined to comment on the presumed Ecuadoran attack on Peruvian troops in the zone of Tihuinza, which was reported on Thursday, 23 March, by the Peruvian top command, in which a Peruvian officer and six soldiers were wounded.

The attack took place on Tuesday, when a Peruvian patrol was neutralizing mines planted by Ecuador on the supply route of the Peruvian troops, the top command reported.

Foreign Ministry: Arms Investigation Results Awaited

PY2403164995 Madrid EFE in Spanish 1435 GMT 24 Mar 95

[FBIS Translated Text] Lima, 24 Mar (EFE)—The Peruvian Foreign Ministry reported today that the Peruvian Government is awaiting the results of the investigations being conducted in Argentina on the sale of Argentine weapons to Ecuador during the recent Peruvian-Ecuadoran conflict.

In an official communique, the Foreign Ministry states that "in view of the repeated offers" made by Argentine officials, Peru "is awaiting and will continue to await the results of the investigations, as well as information concerning the ensuing responsive actions and punishments."

The communique adds that after the sale of weapons became known, the Argentine Foreign Ministry summoned the Peruvian ambassador on 3 March "to express the Argentine Government's concern and its categorical decision to investigate this illegal operation to the last detail and consequence."

The communique also states that Argentina is a guarantor country of the 1942 Rio de Janeiro Protocol, along with Brazil, Chile, and Argentina. [sentence as received] It adds that in this capacity, Argentina signed, on 10 February, an appeal to the international community to abstain from selling weapons to Ecuador and Peru.

The Peruvian Foreign Ministry concludes that the prevalence of this appeal allows it "to ascertain that proper and effective measures will be adopted to halt the arms race in which Ecuador is evidently immersed."

Commentator: Ecuador Planned Attack for 14 Years

95SM0257A Lima CARETAS in Spanish 9 Mar 95 p 39

[Commentary by Jorge Muniz Ziches: "The Iraq of Latin America"]

[FBIS Translated Text] Despite a certain monotony in the daily information from the fighting front on the Peru-Ecuador border, a bit of news has emerged that, by itself, might pass unnoticed because of the practice of taking into account who is doing the talking—but if one takes note of it, it is worth profound reflection. The news item says that Ecuador had been preparing for the conflict of 26 January for the past 14 years, and the person who says so is no less than the president of Ecuador.

The news is worrisome because, although the Latin American continent is experiencing a process of economic and even social integration (Andean Pact, Mercosur, Aladi [Latin American Integration Association], Alac [expansion not given], etc.) we are faced with the sad truth that a country has been running in the opposite direction; that is, Ecuador began an arms race 14 years ago under the pretext of the "revindication" of a "national objective" of making its geographic map prevail over whatever obstacle it might meet. Not only is the news alarming but, also from the mouths of the Ecuadoran leaders themselves, we find ourselves facing a country whose Army receives approximately 20 percent of a tax levied on petroleum (Ecuador's principal export) for the purpose of not only paying its generals well, but of buying on the black market the most sophisticated weapons prohibited by the United Nations. It is the only country that has devoted 20 percent of its budget to arms, when its budget for education and health is less than 6 percent.

We have also learned that the military in Ecuador owns important industrial and business complexes. This means that, in addition to the above mentioned petroleum tax, they conduct lucrative activities for the purpose of personal enrichment and, of course, to continue to buy arms. It is not difficult, therefore, to see why Ecuadoran presidents have a certain fear of that country's armed forces. The explanation and positions taken by the president of Ecuador should be a clear warning—not only to Peru, but also to the other countries—that Ecuador is not a pacifist country but is prepared to "kick over the chessboard" when international law shows it to be in clear noncompliance with its given word or, as the internationalists say, a violation of "pacta sunt servanda."

How dangerous it is to have as a neighbor a country that does not respect international coexistence and that abuses the facts with propaganda distortions in the purest style of Saddam Hussein. There are those who believe that the Ecuadoran position is due to a problem of internal politics. For them, it is only a function of improving Duran-Ballen's popularity, which rose from 4 percent to 95 percent; or to take advantage of the situation to correct the distortions in the most backward economy in South America, whose concepts and principles are still based on a statist and guided economy, and where free market concepts and globalization are "Sanskrit" to the inhabitants.

However, we believe that there is even more behind these justifications. We believe that Ecuador decided many years ago to initiate a process of fanaticism of the same style as the Arab fundamentalists, based on hate and resentment, in order to explain to the people their backwardness. This malignant disease harms not only Peru but all of Latin America, because there is no doubt that Ecuador's next interest could be the Colombian border, using the argument that this is the way Bolivar wanted it. At the same time, the warlike way in which Ecuador has developed its economy, a spectacle that denigrates what has been achieved on the American continent, is unfortunate and harmful for growth in Latin America.

Ecuador's case must be studied very carefully by the guarantor countries and by the international community, because it might be the lighted fuse that will reignite old animosities that we believed had been overcome by now on the Latin American continent.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.